

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A This return/report is for:	☐ a multiemployer plan ☒ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☐ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☒ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	☐

Part II	Basic Plan Information—enter all requested information										
1a Name of plan <u>THE GRAND HEALTHCARE SYSTEM 401(K) PLAN</u> 2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>STRAUSS VENTURES, LLC D/B/A THE GRAND HEALTHCARE SYSTEM</u> <u>1720 WHITE STONE EXPRESSWAY</u> <u>SUITE 500</u> <u>WHITESTONE, NY 11357</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 50%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>07/01/2017</u></td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) <u>47-1594822</u></td> </tr> <tr> <td colspan="2">2c Plan Sponsor's telephone number <u>718-215-6000</u></td> </tr> <tr> <td colspan="2">2d Business code (see instructions) <u>623000</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>07/01/2017</u>		2b Employer Identification Number (EIN) <u>47-1594822</u>		2c Plan Sponsor's telephone number <u>718-215-6000</u>		2d Business code (see instructions) <u>623000</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>										
1c Effective date of plan <u>07/01/2017</u>											
2b Employer Identification Number (EIN) <u>47-1594822</u>											
2c Plan Sponsor's telephone number <u>718-215-6000</u>											
2d Business code (see instructions) <u>623000</u>											

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	05/05/2023	MENDY SAFERN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	2379
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	2362
a(2) Total number of active participants at the end of the plan year		6a(2)	2513
b Retired or separated participants receiving benefits.....		6b	1
c Other retired or separated participants entitled to future benefits		6c	18
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	2532
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	2532
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	260
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	3
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 3B 3H 2E 2F 2G 2J 2K 2T 3D			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan THE GRAND HEALTHCARE SYSTEM 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 STRAUSS VENTURES, LLC D/B/A THE GRAND HEALTHCARE SYSTEM	D Employer Identification Number (EIN) 47-1594822	

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL
04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 60 64 65	RECORDKEEPER	69691	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

PIVOTAL PLANNING GROUP LLC

11-3575716

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR	29646	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PROCYON INSTITUTIONAL PARTNERS INC

82-1646066

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	ADVISOR	8120	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
PIF CORE FX INC INST - PRINCIPAL S 620 COOLIDGE DR FOLSOM, CA 95630-3183	0.10%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>		
A Name of plan <u>THE GRAND HEALTHCARE SYSTEM 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>STRAUSS VENTURES, LLC D/B/A THE GRAND HEALTHCARE SYSTEM</u>	D Employer Identification Number (EIN) <u>47-1594822</u>	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	323649	393699
(2) Participant contributions.....	1b(2)	19221	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	217012	263964
(9) Value of interest in common/collective trusts.....	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts.....	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	7844187	9709384
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	0
(15) Other.....	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	0	0
(2) Employer real property.....	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	8404069	10367047

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness.....	1i	0	0
j Other liabilities.....	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	8404069	10367047
---	-----------	---------	----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	393699	
(B) Participants	2a(1)(B)	1414395	
(C) Others (including rollovers).....	2a(1)(C)	311663	
(2) Noncash contributions.....	2a(2)	0	2119757
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	-184	
(B) U.S. Government securities.....	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans.....	2b(1)(E)	11144	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		10960
(2) Dividends: (A) Preferred stock.....	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	204525	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		204525
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		878850
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		3214092
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1044284	
(2) To insurance carriers for the provision of benefits.....	2e(2)	0	
(3) Other.....	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1044284
f Corrective distributions (see instructions).....	2f		87829
g Certain deemed distributions of participant loans (see instructions).....	2g		11544
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	0	
(3) Investment advisory and management fees.....	2i(3)	0	
(4) Other.....	2i(4)	107457	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		107457
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1251114
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		1962978
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: HMM, CPAS LLP

(2) EIN: 46-5416249

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a	X		124042

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	
4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
---	---	--

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan <u>THE GRAND HEALTHCARE SYSTEM 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>STRAUSS VENTURES, LLC D/B/A THE GRAND HEALTHCARE SYSTEM</u>	D Employer Identification Number (EIN) <u>47-1594822</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**The Grand Healthcare System
401(k) Plan**

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

**The Grand Healthcare System
401(k) Plan**

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6 - 13
Supplemental Schedules	
Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)	14
Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions	15 - 17

HMM, CPAs LLP

AUDIT | TAX | CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
of The Grand Healthcare System 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of The Grand Healthcare System 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of The Grand Healthcare System 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Grand Healthcare System 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other Matters

2021 Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021 and Schedule H, line 4(a) – Schedule of Delinquent Participant Contributions are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of The Grand Healthcare System 401(k) Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 15, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.



Hauppauge, NY 11788
October 7, 2022

**The Grand Healthcare System
401(k) Plan**

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Investments, at fair value:	\$ 9,709,384	\$ 7,844,187
Receivables		
Contribution receivable - employees	-	19,221
Contribution receivable - employers	393,699	323,649
Notes receivable from participants	263,964	217,012
	<u>657,663</u>	<u>559,882</u>
Total receivables		
	<u>10,367,047</u>	<u>8,404,069</u>
Total assets		
Liabilities		
Excess contribution payable	116,101	67,435
	<u>116,101</u>	<u>67,435</u>
Total liabilities		
	<u>\$ 10,250,946</u>	<u>\$ 8,336,634</u>
Net assets available for benefits		

See notes to financial statements

**The Grand Healthcare System
401(k) Plan**

**Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Additions		
Contributions from participants	\$ 1,414,395	\$ 1,250,155
Contributions from employers	393,699	283,649
Rollover contributions	311,663	116,256
Interest and dividend income	204,341	167,159
Interest on notes receivable from participants	11,144	12,441
Net appreciation in fair value of investments	<u>878,850</u>	<u>874,224</u>
Total Additions	3,214,092	2,703,884
Deductions		
Benefits paid to participants	1,055,828	487,011
Refund of excess contributions	136,495	97,449
Administrative expenses	<u>107,457</u>	<u>74,251</u>
Total Deductions	<u>1,299,780</u>	<u>658,711</u>
Net Increase	1,914,312	2,045,173
Net assets available for benefits at beginning of year	<u>8,336,634</u>	<u>6,291,461</u>
Net assets available for benefits at end of year	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 1 - Description of the Plan

The Grand Healthcare System 401(k) Plan (the "Plan") is a multiple-employer contributory defined-contribution plan. The sponsor of the plan is Strauss Ventures, LLC d/b/a The Grand Healthcare System. Employers in the Plan are as follows:

- Strauss Ventures, LLC d/b/a The Grand Healthcare System
- Clearview Operating Co., LLC d/b/a The Grand Rehabilitation and Nursing at Queens
- The Center for Rehabilitation and Healthcare at Dutchess, LLC d/b/a/ The Grand Rehabilitation and Nursing at Pawling
- Rome Center, LLC d/b/a The Grand Rehabilitation and Nursing at Rome
- Chittenango Center, LLC, d/b/a The Grand Rehabilitation Center at Chittenango
- River Valley Operating, LLC d/b/a The Grand Rehabilitation and Nursing at River Valley
- Guilderland Operator, LLC, d/b/a The Grand Rehabilitation and Nursing at Guilderland
- Barnwell Operations Associates LLC d/b/a The Grand Rehabilitation and Nursing at Barnwell
- Grand Batavia LLC d/b/a The Grand Rehabilitation and Nursing at Batavia
- Grand Mohawk Valley LLC d/b/a The Grand Rehabilitation and Nursing at Mohawk Valley
- RTRNC LLC d/b/a Robinson Terrace Rehabilitation and Nursing Center
- RTACF LLC d/b/a The Pavilion at Robinson Terrace
- EN Receiver LLC d/b/a Buffalo Community Healthcare Center
- Grand Great Neck LLC d/b/a The Grand Rehabilitation and Nursing at Great Neck
- Grand South Point LLC d/b/a The Grand Rehabilitation and Nursing at South Point
- Heritage Operating Associates LLC d/b/a The Grand Rehabilitation at Utica
- EN Operations Acquisitions LLC d/b/a The Grand Rehabilitation and Nursing at Delaware

The employers listed above are collectively referred to as the "Sponsor" or the "Employers".

The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, which was adopted and established effective July 1, 2017, is a defined contribution plan which covers substantially all eligible employees of the participating employers who have at least 1,000 hours of service, and provides for a deferred compensation arrangement as described in Section 401(k) of the Internal Revenue Code (the "Code"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law. The CARES Act provides immediate and temporary relief for retirement plan sponsors and their participants including:

- Distributions up to the lesser of vested account balance or \$100,000
- Increased loan limits up to the lessor of 100% the vested account balance or \$100,000
- Loan repayment extension allowing payments to be deferred up to one year
- Waivers of Required Minimum Distributions that would otherwise have been payable during 2020

The Plan only includes the optional waiver of Required Minimum Distributions.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 1 - Description of the Plan (continued)

Contributions

Each year, participants may contribute to the Plan a portion of their pretax annual compensation as defined in the Plan, subject to limitations as defined in the Code. The Plan's contributions are discretionary and determined annually by the Plan's management. There are two contribution formulas; (1) a discretionary matching contribution equal to a percentage of the amount of the salary reduction the participant has elected to defer and (2) a discretionary contribution equal to the percentage of the eligible participant's compensation plus a percentage of each eligible participant's compensation in excess of the Social Security wage base with defined limitations.

For the years ended December 31, 2021 and 2020, the Sponsor made voluntary matching contributions of \$393,699 and \$283,649, respectively.

Investment Options

The Plan offers its participants various investment options. Upon enrollment in the Plan, each participant may direct employee contributions in 1% increments in any of the investment options. Participants may change their investment options daily.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Sponsor's contributions, and allocations of Plan earnings and charged with an allocation of administrative expenses. Allocations of the Plan's earnings are based on individual participant's account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Sponsor's contributions to the Plan is based on years of continuous service. A participant becomes fully vested according to the following schedule:

<u>After Years of Service</u>	<u>Percent Vested</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Participants are fully vested at all times in their voluntary contribution amounts. Participants are fully vested in the total value of their account if they working for the Employers upon reaching retirement age, death or disability.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 1 - Description of the Plan (continued)

Forfeitures

Participants who terminate employment before they vest will forfeit their interest in their employer contribution accounts. Forfeitures may be applied to pay Plan expenses or may be used at the discretion of the Sponsor to reduce the Sponsor's discretionary matching contribution. At December 31, 2021 and 2020, non-vested forfeited accounts had a balance of \$3,779 and \$24,002, respectively. During 2021 and 2020 there were \$29,882 and \$89,832, respectively, of new forfeitures and \$53,527 and \$41,552, respectively, was offset to expenses. In addition, during 2021 and 2020, \$900 and \$40,000, respectively, of forfeitures was used to reduce the Sponsor's discretionary matching contribution.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest rates ranging from 4.25% to 6.50%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through monthly payroll deductions.

Payment of Benefits

Other than the option of waiving Required Minimum Distributions, upon termination of service, a participant is entitled to receive the value of his or her account in a lump sum or other payment methods.

Plan Termination

Although the participating employers have not expressed any intention to terminate the Plan, they may do so at any time subject to the provisions of ERISA. In the event the Plan is terminated, participants would become 100 percent vested in their accounts.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect certain the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, custodians and insurance company. See Note 3 for a discussion of fair value measurement.

Purchases and sales of investments are recorded on the trade date basis. Dividends are recorded on the ex-dividend date and reinvested into the respective fund. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a benefit payment based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Several of the investment fund options are subject to investment fees based upon a percentage of invested assets, as disclosed in the fund's prospectus. All such fees are charged directly against the fund's performance and thus are not separately disclosed in the accompanying financial statements. All other administrative expenses related to the plan are paid by the Plan.

Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions through October 7, 2022, which is the date the financial statements were available to be issued.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
 - o Quoted prices for similar assets or liabilities in active markets.
 - o Quoted prices for identical or similar assets or liabilities in inactive markets.
 - o Inputs other than quoted prices that are observable for the asset or liability.
 - o Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following tables set forth by level within the fair value hierarchy presents the plan's assets at fair value as of December 31, 2021 and 2020:

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 3 - Fair Value Measurements (continued)

	2021	
	Level 1	Total
Mutual funds	\$ 9,709,384	\$ 9,709,384
Total investments at fair value	<u>\$ 9,709,384</u>	<u>\$ 9,709,384</u>

	2020	
	Level 1	Total
Mutual funds	\$ 7,844,187	\$ 7,844,187
Total investments at fair value	<u>\$ 7,844,187</u>	<u>\$ 7,844,187</u>

Note 4 – Certified Investment Information

The Plan administrator has elected the method of annual reporting compliance permitted by ERISA Section 103(a)(3)(C), pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company ("FMTTC"), a qualified institution, and the trustee of the plan, has certified the following information as complete and accurate:

- Investments and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2021 and 2020.
- Net appreciation in fair value of investments, dividends, other income, and interest income on notes receivable from participants reflected on the accompanying statement of changes in net assets available for benefits for the years ended December 31, 2021 and 2020.
- All investment information included in the supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021.

Note 5 - Income Tax Status

The Plan has adopted a volume submitter profit sharing plan with CODA and is relying on an advisory letter received from Fidelity Management & Research Co. dated March 31, 2014 stating that the Internal Revenue Service has determined that the volume submitter plan adopted by the Plan is designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 5 - Income Tax Status (continued)

designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more than likely would not be sustained upon examination by the applicable authorities. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 6 - Party-in-Interest

Certain plan investments are managed by Fidelity Management Trust Company, the trustee of the Plan. These transactions are considered to be party-in-interest transactions.

Note 7 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

COVID-19

In March 2020, the World Health Organization designated COVID-19 a pandemic. COVID-19 had a significant effect on overall economic conditions in nearly all regions around the world. The COVID-19 pandemic has caused volatility in financial markets and may continue to affect the market price of plan assets. Due to the uncertainty of the duration and the continued effects of this pandemic, the near- and long-term financial effects cannot be reasonably estimated at this time.

Note 8 – Non-discrimination Testing

The Plan is subject to certain IRS non-discrimination testing requirements each Plan year. Nondiscrimination testing for the plan years 2019, 2018 and 2017 were not fully completed until 2020, at which time an estimated liability to highly compensated employees (HCEs) was recorded in the amount of \$307,123 for the year ended December 31, 2019. Actual excess contributions of \$337,137, including earnings for the plan years 2019, 2018 and 2017, was distributed to HCEs in 2020.

The nondiscrimination testing for the plan year 2020 resulted in recording an estimated liability of \$67,435 for the year ended December 31, 2020. The actual excess contributions of \$87,829, including earnings, was distributed during the year ended December 31, 2021.

At December 31, 2021, the Plan recorded an estimated nondiscrimination testing liability of \$116,101 for the 2021 plan year.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 8 – Non-discrimination Testing (continued)

On June 2, 2021, the plan sponsor received a signed compliance statement from the Internal Revenue Service (IRS) indicating they agree with the corrective actions taken for the 2017 and 2018 plan years. The plan sponsor expects to be in compliance with the IRS for the 2019, 2020 and 2021 plan years.

Note 9 – Delinquent Contributions

In 2021 and 2020, the sponsor failed to remit participant contributions in a timely manner. The sponsor identified 4 instances for a total of \$5,365 in 2021 and 63 instances for a total of \$118,677 in 2020, in which participant contributions were remitted to the Plan in violation of the Department of Labor (DOL) regulations. The Sponsor estimated the amount of corrective payments due to the plan and determined that the amount is immaterial.

Note 10 – Reconciliation to Form 5500

The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from presenting the financial statements on the accrual basis of accounting.

The following is a reconciliation of net assets available for benefits at December 31:

	<u>2021</u>	<u>2020</u>
Net assets per Form 5500	\$ 10,367,047	\$ 8,404,069
Excess contributions payable	<u>(116,101)</u>	<u>(67,435)</u>
Net assets available for benefits per financial statements	<u>\$ 10,250,946</u>	<u>\$ 8,336,634</u>

The following is a reconciliation of changes in net assets available for benefits during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Changes in net assets available for benefits per Form 5500	\$ 1,962,978	\$ 1,805,485
Refund of excess contributions	(136,495)	(97,449)
Payment of excess contributions	<u>87,829</u>	<u>337,137</u>
Changes in net assets available for benefits, per financial statements	<u>\$ 1,914,312</u>	<u>\$ 2,045,173</u>

**The Grand Healthcare System
401(k) Plan**

Supplemental Schedules

December 31, 2021

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)
December 31, 2021**

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment including Maturity Date, Rate of interest, Collateral, Par or Maturity Value	(d) Cost	(E) Current Value (1)
Mutual Funds:				
	Fidelity Management Trust Co.	DFA US LARGE COMPANY	**	\$ 31,050
	Fidelity Management Trust Co.	IS S&P 500 IDX K	**	210,472
	Fidelity Management Trust Co.	COL DIVIDEND INC 13	**	53,419
	Fidelity Management Trust Co.	VANG GROWTH IDX ADM	**	184,706
	Fidelity Management Trust Co.	VANG INFL PROT ADM	**	6,526
	Fidelity Management Trust Co.	VANG MDCPGR IDX ADM	**	115,717
	Fidelity Management Trust Co.	MFS GROWTH R6	**	219,989
	Fidelity Management Trust Co.	WA CORE PLS BOND IS	**	6,280
	Fidelity Management Trust Co.	VICTORY S EST VAL R6	**	13,350
	Fidelity Management Trust Co.	VANG MATERIAL IDX AD	**	8,271
	Fidelity Management Trust Co.	PIF CORE FX INC INST	**	128,444
	Fidelity Management Trust Co.	MFS INTL DIVRSN R6	**	58,839
	Fidelity Management Trust Co.	INVS DEVELOP MKT R6	**	10,937
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	3,402
	Fidelity Management Trust Co.	DFA ITM FVT FXINC I	**	46,077
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	41,107
	Fidelity Management Trust Co.	DFA REAL EST SEC I	**	16,357
*	Fidelity Management Trust Co.	FID EMRG MKTS IDX	**	15,208
*	Fidelity Management Trust Co.	FID SM CAP IDX	**	85,589
*	Fidelity Management Trust Co.	FID EXTD MKT IDX	**	41,888
*	Fidelity Management Trust Co.	FID GOVT MMRK PRM	**	277,574
*	Fidelity Management Trust Co.	FID FDM IDX INC IPR	**	128,618
*	Fidelity Management Trust Co.	FID FDM IDX 2015 IPR	**	278,087
*	Fidelity Management Trust Co.	FID FDM IDX 2020 IPR	**	635,774
*	Fidelity Management Trust Co.	FID FDM IDX 2025 IPR	**	746,483
*	Fidelity Management Trust Co.	FID FDM IDX 2030 IPR	**	1,076,510
*	Fidelity Management Trust Co.	FID FDM IDX 2035 IPR	**	1,867,501
*	Fidelity Management Trust Co.	FID FDM IDX 2040 IPR	**	1,435,222
*	Fidelity Management Trust Co.	FID FDM IDX 2045 IPR	**	707,079
*	Fidelity Management Trust Co.	FID FDM IDX 2050 IPR	**	596,894
*	Fidelity Management Trust Co.	FID FDM IDX 2055 IPR	**	392,681
*	Fidelity Management Trust Co.	FID FDM IDX 2060 IPR	**	257,465
*	Fidelity Management Trust Co.	FID FDM IDX 2065 IPR	**	11,868
		Total		9,709,384
	Participant Loans	Interest rates from 4.25% - 6.50%		263,964
	Total Investments			<u>\$ 9,973,348</u>

* Party-in interest as defined by ERISA

** Not required for participant directed plans.

(1) As certified by Custodian

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021**

				<u>Total That Constitutes Nonexempt Prohibited Transactions</u>				
				Check Here if Late Participant Loan Repayments Are Included	Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Totally Fully Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
Participant Contributions Transferred Late to the Plan								
Amount Withheld	Date Withheld	Date Remitted						
\$ 4,817.70	1/3/2020	1/14/2020	X	\$ -	\$ -	\$ 4,817.70	\$ -	
4,187.83	1/24/2020	11/17/2020	X	-	-	4,187.83	-	
4,187.83	1/31/2020	2/11/2020	X	-	-	4,187.83	-	
4,476.28	2/7/2020	2/24/2020	X	-	-	4,476.28	-	
4,538.59	3/27/2020	4/17/2020	X	-	-	4,538.59	-	
4,343.71	4/3/2020	10/9/2020	X	-	-	4,343.71	-	
4,538.59	4/10/2020	10/9/2020	X	-	-	4,538.59	-	
4,547.45	5/8/2020	10/9/2020	X	-	-	4,547.45	-	
5,707.99	1/3/2020	1/21/2020	X	-	-	5,707.99	-	
4,608.69	1/10/2020	1/21/2020	X	-	-	4,608.69	-	
6,879.54	1/17/2020	1/28/2020	X	-	-	6,879.54	-	
874.08	1/13/2020	1/28/2020	X	-	-	874.08	-	
752.26	1/20/2020	1/31/2020	X	-	-	752.26	-	
997.24	2/10/2020	2/19/2020	X	-	-	997.24	-	
888.48	2/24/2020	3/6/2020	X	-	-	888.48	-	
980.92	3/9/2020	3/20/2020		-	-	980.92	-	
587.93	3/16/2020	3/27/2020		-	-	587.93	-	
662.61	3/23/2020	4/1/2020		-	-	662.61	-	
681.55	3/30/2020	4/13/2020	X	-	-	681.55	-	
666.50	4/6/2020	4/17/2020	X	-	-	666.50	-	
730.49	4/13/2020	4/24/2020	X	-	-	730.49	-	
1,021.92	7/27/2020	8/5/2020	X	-	-	1,021.92	-	
1,631.76	9/7/2020	9/16/2020	X	-	-	1,631.76	-	
2,325.21	10/26/2020	11/4/2020	X	-	-	2,325.21	-	
2,297.78	11/9/2020	12/4/2020	X	-	-	2,297.78	-	
2,259.17	11/16/2020	12/4/2020	X	-	-	2,259.17	-	

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021**

			<u>Total That Constitutes Nonexempt Prohibited Transactions</u>				
			Check Here if Late Participant Loan Repayments Are Included	Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Totally Fully Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
Participant Contributions Transferred Late to the Plan	Amount Withheld	Date Withheld	Date Remitted				
	2,241.05	11/23/2020	12/4/2020	X	-	-	2,241.05
	2,062.89	1/8/2020	1/21/2020	X	-	-	2,062.89
	2,038.32	2/5/2020	2/14/2020	X	-	-	2,038.32
	2,605.30	2/26/2020	3/6/2020	X	-	-	2,605.30
	2,671.41	3/11/2020	3/20/2020	X	-	-	2,671.41
	2,535.34	3/18/2020	3/27/2020	X	-	-	2,535.34
	2,608.12	4/1/2020	4/13/2020	X	-	-	2,608.12
	2,467.15	4/8/2020	4/17/2020	X	-	-	2,467.15
	2,529.52	4/15/2020	4/24/2020	X	-	-	2,529.52
	863.32	3/11/2020	3/20/2020	X	-	-	863.32
	813.66	3/18/2020	3/27/2020	X	-	-	813.66
	885.87	4/1/2020	4/13/2020	X	-	-	885.87
	873.21	4/8/2020	4/17/2020	X	-	-	873.21
	866.99	4/15/2020	4/24/2020	X	-	-	866.99
	1,205.77	1/2/2020	1/21/2020		-	-	1,205.77
	952.23	1/9/2020	1/21/2020		-	-	952.23
	1,089.15	2/27/2020	3/9/2020		-	-	1,089.15
	983.15	4/2/2020	4/13/2020		-	-	983.15
	1,332.04	3/23/2020	4/1/2020	X	-	-	1,332.04
	1,405.69	3/30/2020	4/13/2020	X	-	-	1,405.69
	1,267.39	4/6/2020	4/17/2020	X	-	-	1,267.39
	1,262.78	4/13/2020	4/24/2020	X	-	-	1,262.78
	1,502.46	7/27/2020	8/5/2020	X	-	-	1,502.46
	1,510.47	9/7/2020	9/16/2020	X	-	-	1,510.47
	1,485.42	10/26/2020	11/4/2020	X	-	-	1,485.42
	207.15	4/1/2020	4/13/2020		-	-	207.15

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021**

				Total That Constitutes Nonexempt Prohibited Transactions			
Participant Contributions Transferred Late to the Plan			Check Here if Late Participant Loan Repayments Are Included	Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Totally Fully Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
Amount Withheld	Date Withheld	Date Remitted					
188.61	4/8/2020	4/17/2020		-	-	188.61	-
192.32	4/15/2020	4/24/2020		-	-	192.32	-
1,712.11	1/3/2020	1/14/2020	X	-	-	1,712.11	-
16.25	1/3/2020	1/14/2020		-	-	16.25	-
753.08	4/17/2020	8/10/2020		-	-	753.08	-
1,506.56	1/3/2020	1/14/2020		-	-	1,506.56	-
2,230.26	1/3/2020	1/14/2020		-	-	2,230.26	-
405.00	3/6/2020	5/1/2020		-	-	405.00	-
405.00	3/20/2020	5/1/2020		-	-	405.00	-
405.00	4/3/2020	5/4/2020		-	-	405.00	-
405.00	4/17/2020	5/4/2020		-	-	405.00	-
<u>\$ 118,677.14</u>				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,677.14</u>	<u>\$ -</u>
\$ 1,162.32	5/24/2021	6/2/2021	X	\$ -	\$ -	\$ 1,162.32	
1,485.84	5/24/2021	6/2/2021		-	-	1,485.84	
1,330.22	1/7/2021	2/4/2021		-	-	1,330.22	
1,386.47	1/14/2021	2/8/2021		-	-	1,386.47	
<u>\$ 5,364.85</u>				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,364.85</u>	<u>\$ -</u>
<u>\$ 124,041.99</u>	Total			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,041.99</u>	<u>\$ -</u>

**The Grand Healthcare System
401(k) Plan**

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

**The Grand Healthcare System
401(k) Plan**

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6 - 13
Supplemental Schedules	
Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)	14
Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions	15 - 17

HMM, CPAs LLP

AUDIT | TAX | CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
of The Grand Healthcare System 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of The Grand Healthcare System 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of The Grand Healthcare System 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Grand Healthcare System 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other Matters

2021 Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021 and Schedule H, line 4(a) – Schedule of Delinquent Participant Contributions are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of The Grand Healthcare System 401(k) Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 15, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

HMM, CPAs LLP

Hauppauge, NY 11788
October 7, 2022

**The Grand Healthcare System
401(k) Plan**

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Investments, at fair value:	\$ 9,709,384	\$ 7,844,187
Receivables		
Contribution receivable - employees	-	19,221
Contribution receivable - employers	393,699	323,649
Notes receivable from participants	<u>263,964</u>	<u>217,012</u>
Total receivables	<u>657,663</u>	<u>559,882</u>
Total assets	<u>10,367,047</u>	<u>8,404,069</u>
Liabilities		
Excess contribution payable	<u>116,101</u>	<u>67,435</u>
Total liabilities	<u>116,101</u>	<u>67,435</u>
Net assets available for benefits	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

**The Grand Healthcare System
401(k) Plan**

**Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Additions		
Contributions from participants	\$ 1,414,395	\$ 1,250,155
Contributions from employers	393,699	283,649
Rollover contributions	311,663	116,256
Interest and dividend income	204,341	167,159
Interest on notes receivable from participants	11,144	12,441
Net appreciation in fair value of investments	<u>878,850</u>	<u>874,224</u>
Total Additions	3,214,092	2,703,884
Deductions		
Benefits paid to participants	1,055,828	487,011
Refund of excess contributions	136,495	97,449
Administrative expenses	<u>107,457</u>	<u>74,251</u>
Total Deductions	<u>1,299,780</u>	<u>658,711</u>
Net Increase	1,914,312	2,045,173
Net assets available for benefits at beginning of year	<u>8,336,634</u>	<u>6,291,461</u>
Net assets available for benefits at end of year	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 1 - Description of the Plan

The Grand Healthcare System 401(k) Plan (the "Plan") is a multiple-employer contributory defined-contribution plan. The sponsor of the plan is Strauss Ventures, LLC d/b/a The Grand Healthcare System. Employers in the Plan are as follows:

- Strauss Ventures, LLC d/b/a The Grand Healthcare System
- Clearview Operating Co., LLC d/b/a The Grand Rehabilitation and Nursing at Queens
- The Center for Rehabilitation and Healthcare at Dutchess, LLC d/b/a The Grand Rehabilitation and Nursing at Pawling
- Rome Center, LLC d/b/a The Grand Rehabilitation and Nursing at Rome
- Chittenango Center, LLC, d/b/a The Grand Rehabilitation Center at Chittenango
- River Valley Operating, LLC d/b/a The Grand Rehabilitation and Nursing at River Valley
- Guiderland Operator, LLC, d/b/a The Grand Rehabilitation and Nursing at Guiderland
- Barnwell Operations Associates LLC d/b/a The Grand Rehabilitation and Nursing at Barnwell
- Grand Batavia LLC d/b/a The Grand Rehabilitation and Nursing at Batavia
- Grand Mohawk Valley LLC d/b/a The Grand Rehabilitation and Nursing at Mohawk Valley
- RTRNC LLC d/b/a Robinson Terrace Rehabilitation and Nursing Center
- RTACF LLC d/b/a The Pavilion at Robinson Terrace
- EN Receiver LLC d/b/a Buffalo Community Healthcare Center
- Grand Great Neck LLC d/b/a The Grand Rehabilitation and Nursing at Great Neck
- Grand South Point LLC d/b/a The Grand Rehabilitation and Nursing at South Point
- Heritage Operating Associates LLC d/b/a The Grand Rehabilitation at Utica
- EN Operations Acquisitions LLC d/b/a The Grand Rehabilitation and Nursing at Delaware

The employers listed above are collectively referred to as the "Sponsor" or the "Employers".

The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, which was adopted and established effective July 1, 2017, is a defined contribution plan which covers substantially all eligible employees of the participating employers who have at least 1,000 hours of service, and provides for a deferred compensation arrangement as described in Section 401(k) of the Internal Revenue Code (the "Code"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law. The CARES Act provides immediate and temporary relief for retirement plan sponsors and their participants including:

- Distributions up to the lesser of vested account balance or \$100,000
- Increased loan limits up to the lesser of 100% the vested account balance or \$100,000
- Loan repayment extension allowing payments to be deferred up to one year
- Waivers of Required Minimum Distributions that would otherwise have been payable during 2020

The Plan only includes the optional waiver of Required Minimum Distributions.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 1 - Description of the Plan (continued)

Contributions

Each year, participants may contribute to the Plan a portion of their pretax annual compensation as defined in the Plan, subject to limitations as defined in the Code. The Plan's contributions are discretionary and determined annually by the Plan's management. There are two contribution formulas; (1) a discretionary matching contribution equal to a percentage of the amount of the salary reduction the participant has elected to defer and (2) a discretionary contribution equal to the percentage of the eligible participant's compensation plus a percentage of each eligible participant's compensation in excess of the Social Security wage base with defined limitations.

For the years ended December 31, 2021 and 2020, the Sponsor made voluntary matching contributions of \$393,699 and \$283,649, respectively.

Investment Options

The Plan offers its participants various investment options. Upon enrollment in the Plan, each participant may direct employee contributions in 1% increments in any of the investment options. Participants may change their investment options daily.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Sponsor's contributions, and allocations of Plan earnings and charged with an allocation of administrative expenses. Allocations of the Plan's earnings are based on individual participant's account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Sponsor's contributions to the Plan is based on years of continuous service. A participant becomes fully vested according to the following schedule:

<u>After Years of Service</u>	<u>Percent Vested</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Participants are fully vested at all times in their voluntary contribution amounts. Participants are fully vested in the total value of their account if they working for the Employers upon reaching retirement age, death or disability.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 1 - Description of the Plan (continued)

Forfeitures

Participants who terminate employment before they vest will forfeit their interest in their employer contribution accounts. Forfeitures may be applied to pay Plan expenses or may be used at the discretion of the Sponsor to reduce the Sponsor's discretionary matching contribution. At December 31, 2021 and 2020, non-vested forfeited accounts had a balance of \$3,779 and \$24,002, respectively. During 2021 and 2020 there were \$29,882 and \$89,832, respectively, of new forfeitures and \$53,527 and \$41,552, respectively, was offset to expenses. In addition, during 2021 and 2020, \$900 and \$40,000, respectively, of forfeitures was used to reduce the Sponsor's discretionary matching contribution.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest rates ranging from 4.25% to 6.50%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through monthly payroll deductions.

Payment of Benefits

Other than the option of waiving Required Minimum Distributions, upon termination of service, a participant is entitled to receive the value of his or her account in a lump sum or other payment methods.

Plan Termination

Although the participating employers have not expressed any intention to terminate the Plan, they may do so at any time subject to the provisions of ERISA. In the event the Plan is terminated, participants would become 100 percent vested in their accounts.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect certain the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 2 - Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, custodians and insurance company. See Note 3 for a discussion of fair value measurement.

Purchases and sales of investments are recorded on the trade date basis. Dividends are recorded on the ex-dividend date and reinvested into the respective fund. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a benefit payment based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Several of the investment fund options are subject to investment fees based upon a percentage of invested assets, as disclosed in the fund's prospectus. All such fees are charged directly against the fund's performance and thus are not separately disclosed in the accompanying financial statements. All other administrative expenses related to the plan are paid by the Plan.

Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions through October 7, 2022, which is the date the financial statements were available to be issued.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following tables set forth by level within the fair value hierarchy presents the plan's assets at fair value as of December 31, 2021 and 2020:

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 3 - Fair Value Measurements (continued)

	2021	
	Level 1	Total
Mutual funds	\$ 9,709,384	\$ 9,709,384
Total investments at fair value	\$ 9,709,384	\$ 9,709,384

	2020	
	Level 1	Total
Mutual funds	\$ 7,844,187	\$ 7,844,187
Total investments at fair value	\$ 7,844,187	\$ 7,844,187

Note 4 – Certified Investment Information

The Plan administrator has elected the method of annual reporting compliance permitted by ERISA Section 103(a)(3)(C), pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company ("FMTTC"), a qualified institution, and the trustee of the plan, has certified the following information as complete and accurate:

- Investments and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2021 and 2020.
- Net appreciation in fair value of investments, dividends, other income, and interest income on notes receivable from participants reflected on the accompanying statement of changes in net assets available for benefits for the years ended December 31, 2021 and 2020.
- All investment information included in the supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021.

Note 5 - Income Tax Status

The Plan has adopted a volume submitter profit sharing plan with CODA and is relying on an advisory letter received from Fidelity Management & Research Co. dated March 31, 2014 stating that the Internal Revenue Service has determined that the volume submitter plan adopted by the Plan is designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 5 - Income Tax Status (continued)

designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more than likely would not be sustained upon examination by the applicable authorities. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 6 - Party-in-Interest

Certain plan investments are managed by Fidelity Management Trust Company, the trustee of the Plan. These transactions are considered to be party-in-interest transactions.

Note 7 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

COVID-19

In March 2020, the World Health Organization designated COVID-19 a pandemic. COVID-19 had a significant effect on overall economic conditions in nearly all regions around the world. The COVID-19 pandemic has caused volatility in financial markets and may continue to affect the market price of plan assets. Due to the uncertainty of the duration and the continued effects of this pandemic, the near- and long-term financial effects cannot be reasonably estimated at this time.

Note 8 – Non-discrimination Testing

The Plan is subject to certain IRS non-discrimination testing requirements each Plan year. Nondiscrimination testing for the plan years 2019, 2018 and 2017 were not fully completed until 2020, at which time an estimated liability to highly compensated employees (HCEs) was recorded in the amount of \$307,123 for the year ended December 31, 2019. Actual excess contributions of \$337,137, including earnings for the plan years 2019, 2018 and 2017, was distributed to HCEs in 2020.

The nondiscrimination testing for the plan year 2020 resulted in recording an estimated liability of \$67,435 for the year ended December 31, 2020. The actual excess contributions of \$87,829, including earnings, was distributed during the year ended December 31, 2021.

At December 31, 2021, the Plan recorded an estimated nondiscrimination testing liability of \$116,101 for the 2021 plan year.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 8 – Non-discrimination Testing (continued)

On June 2, 2021, the plan sponsor received a signed compliance statement from the Internal Revenue Service (IRS) indicating they agree with the corrective actions taken for the 2017 and 2018 plan years. The plan sponsor expects to be in compliance with the IRS for the 2019, 2020 and 2021 plan years.

Note 9 – Delinquent Contributions

In 2021 and 2020, the sponsor failed to remit participant contributions in a timely manner. The sponsor identified 4 instances for a total of \$5,365 in 2021 and 63 instances for a total of \$118,677 in 2020, in which participant contributions were remitted to the Plan in violation of the Department of Labor (DOL) regulations. The Sponsor estimated the amount of corrective payments due to the plan and determined that the amount is immaterial.

Note 10 – Reconciliation to Form 5500

The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from presenting the financial statements on the accrual basis of accounting.

The following is a reconciliation of net assets available for benefits at December 31:

	2021	2020
Net assets per Form 5500	\$ 10,367,047	\$ 8,404,069
Excess contributions payable	(116,101)	(67,435)
Net assets available for benefits per financial statements	<u>\$ 10,250,946</u>	<u>\$ 8,336,634</u>

The following is a reconciliation of changes in net assets available for benefits during the years ended December 31, 2021 and 2020:

	2021	2020
Changes in net assets available for benefits per Form 5500	\$ 1,962,978	\$ 1,805,485
Refund of excess contributions	(136,495)	(97,449)
Payment of excess contributions	87,829	337,137
Changes in net assets available for benefits, per financial statements	<u>\$ 1,914,312</u>	<u>\$ 2,045,173</u>

**The Grand Healthcare System
401(k) Plan**

Supplemental Schedules

December 31, 2021

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)
December 31, 2021**

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment including Maturity Date, Rate of interest, Collateral, Par or Maturity Value	(d) Cost	(E) Current Value (1)
Mutual Funds:				
	Fidelity Management Trust Co.	DFA US LARGE COMPANY	**	\$ 31,050
	Fidelity Management Trust Co.	IS S&P 500 IDX K	**	210,472
	Fidelity Management Trust Co.	COL DIVIDEND INC 13	**	53,419
	Fidelity Management Trust Co.	VANG GROWTH IDX ADM	**	184,706
	Fidelity Management Trust Co.	VANG INFL PROT ADM	**	6,526
	Fidelity Management Trust Co.	VANG MDCPGR IDX ADM	**	115,717
	Fidelity Management Trust Co.	MFS GROWTH R6	**	219,989
	Fidelity Management Trust Co.	WA CORE PLS BOND IS	**	6,280
	Fidelity Management Trust Co.	VICTORY S EST VAL R6	**	13,350
	Fidelity Management Trust Co.	VANG MATERIAL IDX AD	**	8,271
	Fidelity Management Trust Co.	PIF CORE FX INC INST	**	128,444
	Fidelity Management Trust Co.	MFS INTL DIVRSN R6	**	58,839
	Fidelity Management Trust Co.	INVS DEVELOP MKT R6	**	10,937
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	3,402
	Fidelity Management Trust Co.	DFA ITM FVT FXINC I	**	46,077
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	41,107
	Fidelity Management Trust Co.	DFA REAL EST SEC I	**	16,357
*	Fidelity Management Trust Co.	FID EMRG MKTS IDX	**	15,208
*	Fidelity Management Trust Co.	FID SM CAP IDX	**	85,589
*	Fidelity Management Trust Co.	FID EXTD MKT IDX	**	41,888
*	Fidelity Management Trust Co.	FID GOVT MMRK PRM	**	277,574
*	Fidelity Management Trust Co.	FID FDM IDX INC IPR	**	128,618
*	Fidelity Management Trust Co.	FID FDM IDX 2015 IPR	**	278,087
*	Fidelity Management Trust Co.	FID FDM IDX 2020 IPR	**	635,774
*	Fidelity Management Trust Co.	FID FDM IDX 2025 IPR	**	746,483
*	Fidelity Management Trust Co.	FID FDM IDX 2030 IPR	**	1,076,510
*	Fidelity Management Trust Co.	FID FDM IDX 2035 IPR	**	1,867,501
*	Fidelity Management Trust Co.	FID FDM IDX 2040 IPR	**	1,435,222
*	Fidelity Management Trust Co.	FID FDM IDX 2045 IPR	**	707,079
*	Fidelity Management Trust Co.	FID FDM IDX 2050 IPR	**	596,894
*	Fidelity Management Trust Co.	FID FDM IDX 2055 IPR	**	392,681
*	Fidelity Management Trust Co.	FID FDM IDX 2060 IPR	**	257,465
*	Fidelity Management Trust Co.	FID FDM IDX 2065 IPR	**	11,868
		Total		9,709,384
	Participant Loans	Interest rates from 4.25% - 6.50%		263,964
	Total Investments			\$ 9,973,348

* Party-in interest as defined by ERISA

** Not required for participant directed plans.

(1) As certified by Custodian

The Grand Healthcare System
401(k) Plan

Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021

Participant Contributions Transferred Late to the Plan		Total That Constitutes Nonexempt Prohibited Transactions		Check Here if		Contributions		Contributions		Totally Fully	
Amount Withheld	Date Withheld	Date Remitted	Repayments Are Included	Loan Repayments Are Included	Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51	
\$ 4,817.70	1/3/2020	1/14/2020	X		\$ -	\$ -	\$ 4,817.70	\$ -	\$ 4,817.70	\$ -	-
4,187.83	1/24/2020	1/17/2020	X		-	-	4,187.83	-	4,187.83	-	-
4,187.83	1/31/2020	2/11/2020	X		-	-	4,187.83	-	4,187.83	-	-
4,476.28	2/7/2020	2/24/2020	X		-	-	4,476.28	-	4,476.28	-	-
4,538.59	3/27/2020	4/17/2020	X		-	-	4,538.59	-	4,538.59	-	-
4,343.71	4/3/2020	10/9/2020	X		-	-	4,343.71	-	4,343.71	-	-
4,538.59	4/10/2020	10/9/2020	X		-	-	4,538.59	-	4,538.59	-	-
4,547.45	5/8/2020	10/9/2020	X		-	-	4,547.45	-	4,547.45	-	-
5,707.99	1/3/2020	1/21/2020	X		-	-	5,707.99	-	5,707.99	-	-
4,608.69	1/10/2020	1/21/2020	X		-	-	4,608.69	-	4,608.69	-	-
6,879.54	1/17/2020	1/28/2020	X		-	-	6,879.54	-	6,879.54	-	-
874.08	1/13/2020	1/28/2020	X		-	-	874.08	-	874.08	-	-
752.26	1/20/2020	1/31/2020	X		-	-	752.26	-	752.26	-	-
997.24	2/10/2020	2/19/2020	X		-	-	997.24	-	997.24	-	-
888.48	2/24/2020	3/6/2020	X		-	-	888.48	-	888.48	-	-
980.92	3/9/2020	3/20/2020			-	-	980.92	-	980.92	-	-
587.93	3/16/2020	3/27/2020			-	-	587.93	-	587.93	-	-
662.61	3/23/2020	4/1/2020			-	-	662.61	-	662.61	-	-
681.55	3/30/2020	4/13/2020	X		-	-	681.55	-	681.55	-	-
666.50	4/6/2020	4/17/2020	X		-	-	666.50	-	666.50	-	-
730.49	4/13/2020	4/24/2020	X		-	-	730.49	-	730.49	-	-
1,021.92	7/27/2020	8/5/2020	X		-	-	1,021.92	-	1,021.92	-	-
1,631.76	9/7/2020	9/16/2020	X		-	-	1,631.76	-	1,631.76	-	-
2,325.21	10/26/2020	11/4/2020	X		-	-	2,325.21	-	2,325.21	-	-
2,297.78	11/9/2020	12/4/2020	X		-	-	2,297.78	-	2,297.78	-	-
2,259.17	11/16/2020	12/4/2020	X		-	-	2,259.17	-	2,259.17	-	-

The Grand Healthcare System
401(k) Plan

Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021

Total That Constitutes Nonexempt Prohibited Transactions				Totally Fully			
Participant Contributions Transferred Late to the Plan	Amount Withheld	Date Withheld	Date Remitted	Check Here if Late Participant Repayments Are Included	Contributions		
					Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program
							Correction Program and PTE 2002-51
2,241.05	11/23/2020	12/4/2020		X	-	-	2,241.05
2,062.89	1/8/2020	1/21/2020		X	-	-	2,062.89
2,038.32	2/5/2020	2/14/2020		X	-	-	2,038.32
2,605.30	2/26/2020	3/6/2020		X	-	-	2,605.30
2,671.41	3/11/2020	3/20/2020		X	-	-	2,671.41
2,535.34	3/18/2020	3/27/2020		X	-	-	2,535.34
2,608.12	4/1/2020	4/13/2020		X	-	-	2,608.12
2,467.15	4/8/2020	4/17/2020		X	-	-	2,467.15
2,529.52	4/15/2020	4/24/2020		X	-	-	2,529.52
863.32	3/11/2020	3/20/2020		X	-	-	863.32
813.66	3/18/2020	3/27/2020		X	-	-	813.66
885.87	4/1/2020	4/13/2020		X	-	-	885.87
873.21	4/8/2020	4/17/2020		X	-	-	873.21
866.99	4/15/2020	4/24/2020		X	-	-	866.99
1,205.77	1/2/2020	1/21/2020		X	-	-	1,205.77
952.23	1/9/2020	1/21/2020			-	-	952.23
1,089.15	2/27/2020	3/9/2020			-	-	1,089.15
983.15	4/2/2020	4/13/2020			-	-	983.15
1,332.04	3/23/2020	4/1/2020		X	-	-	1,332.04
1,405.69	3/30/2020	4/13/2020		X	-	-	1,405.69
1,267.39	4/6/2020	4/17/2020		X	-	-	1,267.39
1,262.78	4/13/2020	4/24/2020		X	-	-	1,262.78
1,502.46	7/27/2020	8/5/2020		X	-	-	1,502.46
1,510.47	9/7/2020	9/16/2020		X	-	-	1,510.47
1,485.42	10/26/2020	11/4/2020		X	-	-	1,485.42
207.15	4/1/2020	4/13/2020			-	-	207.15

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021**

Total That Constitutes Nonexempt Prohibited Transactions							Totally Fully Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
Participant Contributions Transferred Late to the Plan Amount Withheld	Date Withheld	Date Remitted	Check Here if Late Participant Loan Repayments Are Included	Contributions		Contributions	
				Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Pending Correction in Voluntary Fiduciary Correction Program	
188.61	4/8/2020	4/17/2020		-	-	188.61	-
192.32	4/15/2020	4/24/2020		-	-	192.32	-
1,712.11	1/3/2020	1/14/2020	X	-	-	1,712.11	-
16.25	1/3/2020	1/14/2020		-	-	16.25	-
753.08	4/17/2020	8/10/2020		-	-	753.08	-
1,506.56	1/3/2020	1/14/2020		-	-	1,506.56	-
2,230.26	1/3/2020	1/14/2020		-	-	2,230.26	-
405.00	3/6/2020	5/1/2020		-	-	405.00	-
405.00	3/20/2020	5/1/2020		-	-	405.00	-
405.00	4/3/2020	5/4/2020		-	-	405.00	-
405.00	4/17/2020	5/4/2020		-	-	405.00	-
<u>\$ 118,677.14</u>				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,677.14</u>	<u>\$ -</u>
\$ 1,162.32	5/24/2021	6/2/2021	X	-	-	\$ 1,162.32	
1,485.84	5/24/2021	6/2/2021		-	-	1,485.84	
1,330.22	1/7/2021	2/4/2021		-	-	1,330.22	
1,386.47	1/14/2021	2/8/2021		-	-	1,386.47	
<u>\$ 5,364.85</u>				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,364.85</u>	<u>\$ -</u>
\$ 124,041.99	Total			\$ -	\$ -	\$ 124,041.99	\$ -

**The Grand Healthcare System
401(k) Plan**

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

**The Grand Healthcare System
401(k) Plan**

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6 - 13
Supplemental Schedules	
Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)	14
Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions	15 - 17

HMM, CPAs LLP

AUDIT | TAX | CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
of The Grand Healthcare System 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of The Grand Healthcare System 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of The Grand Healthcare System 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Grand Healthcare System 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other Matters

2021 Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021 and Schedule H, line 4(a) – Schedule of Delinquent Participant Contributions are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of The Grand Healthcare System 401(k) Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 15, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

HMM, CPAs LLP

Hauppauge, NY 11788
October 7, 2022

**The Grand Healthcare System
401(k) Plan**

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Investments, at fair value:	\$ 9,709,384	\$ 7,844,187
Receivables		
Contribution receivable - employees	-	19,221
Contribution receivable - employers	393,699	323,649
Notes receivable from participants	<u>263,964</u>	<u>217,012</u>
Total receivables	<u>657,663</u>	<u>559,882</u>
Total assets	<u>10,367,047</u>	<u>8,404,069</u>
Liabilities		
Excess contribution payable	<u>116,101</u>	<u>67,435</u>
Total liabilities	<u>116,101</u>	<u>67,435</u>
Net assets available for benefits	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

**The Grand Healthcare System
401(k) Plan**

**Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Additions		
Contributions from participants	\$ 1,414,395	\$ 1,250,155
Contributions from employers	393,699	283,649
Rollover contributions	311,663	116,256
Interest and dividend income	204,341	167,159
Interest on notes receivable from participants	11,144	12,441
Net appreciation in fair value of investments	<u>878,850</u>	<u>874,224</u>
Total Additions	3,214,092	2,703,884
Deductions		
Benefits paid to participants	1,055,828	487,011
Refund of excess contributions	136,495	97,449
Administrative expenses	<u>107,457</u>	<u>74,251</u>
Total Deductions	<u>1,299,780</u>	<u>658,711</u>
Net Increase	1,914,312	2,045,173
Net assets available for benefits at beginning of year	<u>8,336,634</u>	<u>6,291,461</u>
Net assets available for benefits at end of year	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 1 - Description of the Plan

The Grand Healthcare System 401(k) Plan (the "Plan") is a multiple-employer contributory defined-contribution plan. The sponsor of the plan is Strauss Ventures, LLC d/b/a The Grand Healthcare System. Employers in the Plan are as follows:

- Strauss Ventures, LLC d/b/a The Grand Healthcare System
- Clearview Operating Co., LLC d/b/a The Grand Rehabilitation and Nursing at Queens
- The Center for Rehabilitation and Healthcare at Dutchess, LLC d/b/a The Grand Rehabilitation and Nursing at Pawling
- Rome Center, LLC d/b/a The Grand Rehabilitation and Nursing at Rome
- Chittenango Center, LLC, d/b/a The Grand Rehabilitation Center at Chittenango
- River Valley Operating, LLC d/b/a The Grand Rehabilitation and Nursing at River Valley
- Guilderland Operator, LLC, d/b/a The Grand Rehabilitation and Nursing at Guilderland
- Barnwell Operations Associates LLC d/b/a The Grand Rehabilitation and Nursing at Barnwell
- Grand Batavia LLC d/b/a The Grand Rehabilitation and Nursing at Batavia
- Grand Mohawk Valley LLC d/b/a The Grand Rehabilitation and Nursing at Mohawk Valley
- RTRNC LLC d/b/a Robinson Terrace Rehabilitation and Nursing Center
- RTACF LLC d/b/a The Pavilion at Robinson Terrace
- EN Receiver LLC d/b/a Buffalo Community Healthcare Center
- Grand Great Neck LLC d/b/a The Grand Rehabilitation and Nursing at Great Neck
- Grand South Point LLC d/b/a The Grand Rehabilitation and Nursing at South Point
- Heritage Operating Associates LLC d/b/a The Grand Rehabilitation at Utica
- EN Operations Acquisitions LLC d/b/a The Grand Rehabilitation and Nursing at Delaware

The employers listed above are collectively referred to as the "Sponsor" or the "Employers".

The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, which was adopted and established effective July 1, 2017, is a defined contribution plan which covers substantially all eligible employees of the participating employers who have at least 1,000 hours of service, and provides for a deferred compensation arrangement as described in Section 401(k) of the Internal Revenue Code (the "Code"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law. The CARES Act provides immediate and temporary relief for retirement plan sponsors and their participants including:

- Distributions up to the lesser of vested account balance or \$100,000
- Increased loan limits up to the lesser of 100% the vested account balance or \$100,000
- Loan repayment extension allowing payments to be deferred up to one year
- Waivers of Required Minimum Distributions that would otherwise have been payable during 2020

The Plan only includes the optional waiver of Required Minimum Distributions.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 1 - Description of the Plan (continued)

Contributions

Each year, participants may contribute to the Plan a portion of their pretax annual compensation as defined in the Plan, subject to limitations as defined in the Code. The Plan's contributions are discretionary and determined annually by the Plan's management. There are two contribution formulas; (1) a discretionary matching contribution equal to a percentage of the amount of the salary reduction the participant has elected to defer and (2) a discretionary contribution equal to the percentage of the eligible participant's compensation plus a percentage of each eligible participant's compensation in excess of the Social Security wage base with defined limitations.

For the years ended December 31, 2021 and 2020, the Sponsor made voluntary matching contributions of \$393,699 and \$283,649, respectively.

Investment Options

The Plan offers its participants various investment options. Upon enrollment in the Plan, each participant may direct employee contributions in 1% increments in any of the investment options. Participants may change their investment options daily.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Sponsor's contributions, and allocations of Plan earnings and charged with an allocation of administrative expenses. Allocations of the Plan's earnings are based on individual participant's account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Sponsor's contributions to the Plan is based on years of continuous service. A participant becomes fully vested according to the following schedule:

<u>After Years of Service</u>	<u>Percent Vested</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Participants are fully vested at all times in their voluntary contribution amounts. Participants are fully vested in the total value of their account if they working for the Employers upon reaching retirement age, death or disability.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 1 - Description of the Plan (continued)

Forfeitures

Participants who terminate employment before they vest will forfeit their interest in their employer contribution accounts. Forfeitures may be applied to pay Plan expenses or may be used at the discretion of the Sponsor to reduce the Sponsor's discretionary matching contribution. At December 31, 2021 and 2020, non-vested forfeited accounts had a balance of \$3,779 and \$24,002, respectively. During 2021 and 2020 there were \$29,882 and \$89,832, respectively, of new forfeitures and \$53,527 and \$41,552, respectively, was offset to expenses. In addition, during 2021 and 2020, \$900 and \$40,000, respectively, of forfeitures was used to reduce the Sponsor's discretionary matching contribution.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest rates ranging from 4.25% to 6.50%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through monthly payroll deductions.

Payment of Benefits

Other than the option of waiving Required Minimum Distributions, upon termination of service, a participant is entitled to receive the value of his or her account in a lump sum or other payment methods.

Plan Termination

Although the participating employers have not expressed any intention to terminate the Plan, they may do so at any time subject to the provisions of ERISA. In the event the Plan is terminated, participants would become 100 percent vested in their accounts.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect certain the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 2 - Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, custodians and insurance company. See Note 3 for a discussion of fair value measurement.

Purchases and sales of investments are recorded on the trade date basis. Dividends are recorded on the ex-dividend date and reinvested into the respective fund. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a benefit payment based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Several of the investment fund options are subject to investment fees based upon a percentage of invested assets, as disclosed in the fund's prospectus. All such fees are charged directly against the fund's performance and thus are not separately disclosed in the accompanying financial statements. All other administrative expenses related to the plan are paid by the Plan.

Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions through October 7, 2022, which is the date the financial statements were available to be issued.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following tables set forth by level within the fair value hierarchy presents the plan's assets at fair value as of December 31, 2021 and 2020:

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 3 - Fair Value Measurements (continued)

	2021	
	Level 1	Total
Mutual funds	\$ 9,709,384	\$ 9,709,384
Total investments at fair value	\$ 9,709,384	\$ 9,709,384
	2020	
	Level 1	Total
Mutual funds	\$ 7,844,187	\$ 7,844,187
Total investments at fair value	\$ 7,844,187	\$ 7,844,187

Note 4 – Certified Investment Information

The Plan administrator has elected the method of annual reporting compliance permitted by ERISA Section 103(a)(3)(C), pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company ("FMTTC"), a qualified institution, and the trustee of the plan, has certified the following information as complete and accurate:

- Investments and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2021 and 2020.
- Net appreciation in fair value of investments, dividends, other income, and interest income on notes receivable from participants reflected on the accompanying statement of changes in net assets available for benefits for the years ended December 31, 2021 and 2020.
- All investment information included in the supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021.

Note 5 - Income Tax Status

The Plan has adopted a volume submitter profit sharing plan with CODA and is relying on an advisory letter received from Fidelity Management & Research Co. dated March 31, 2014 stating that the Internal Revenue Service has determined that the volume submitter plan adopted by the Plan is designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 5 - Income Tax Status (continued)

designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more than likely would not be sustained upon examination by the applicable authorities. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 6 - Party-in-Interest

Certain plan investments are managed by Fidelity Management Trust Company, the trustee of the Plan. These transactions are considered to be party-in-interest transactions.

Note 7 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

COVID-19

In March 2020, the World Health Organization designated COVID-19 a pandemic. COVID-19 had a significant effect on overall economic conditions in nearly all regions around the world. The COVID-19 pandemic has caused volatility in financial markets and may continue to affect the market price of plan assets. Due to the uncertainty of the duration and the continued effects of this pandemic, the near- and long-term financial effects cannot be reasonably estimated at this time.

Note 8 – Non-discrimination Testing

The Plan is subject to certain IRS non-discrimination testing requirements each Plan year. Nondiscrimination testing for the plan years 2019, 2018 and 2017 were not fully completed until 2020, at which time an estimated liability to highly compensated employees (HCEs) was recorded in the amount of \$307,123 for the year ended December 31, 2019. Actual excess contributions of \$337,137, including earnings for the plan years 2019, 2018 and 2017, was distributed to HCEs in 2020.

The nondiscrimination testing for the plan year 2020 resulted in recording an estimated liability of \$67,435 for the year ended December 31, 2020. The actual excess contributions of \$87,829, including earnings, was distributed during the year ended December 31, 2021.

At December 31, 2021, the Plan recorded an estimated nondiscrimination testing liability of \$116,101 for the 2021 plan year.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 8 – Non-discrimination Testing (continued)

On June 2, 2021, the plan sponsor received a signed compliance statement from the Internal Revenue Service (IRS) indicating they agree with the corrective actions taken for the 2017 and 2018 plan years. The plan sponsor expects to be in compliance with the IRS for the 2019, 2020 and 2021 plan years.

Note 9 – Delinquent Contributions

In 2021 and 2020, the sponsor failed to remit participant contributions in a timely manner. The sponsor identified 4 instances for a total of \$5,365 in 2021 and 63 instances for a total of \$118,677 in 2020, in which participant contributions were remitted to the Plan in violation of the Department of Labor (DOL) regulations. The Sponsor estimated the amount of corrective payments due to the plan and determined that the amount is immaterial.

Note 10 – Reconciliation to Form 5500

The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from presenting the financial statements on the accrual basis of accounting.

The following is a reconciliation of net assets available for benefits at December 31:

	<u>2021</u>	<u>2020</u>
Net assets per Form 5500	\$ 10,367,047	\$ 8,404,069
Excess contributions payable	<u>(116,101)</u>	<u>(67,435)</u>
Net assets available for benefits per financial statements	<u>\$ 10,250,946</u>	<u>\$ 8,336,634</u>

The following is a reconciliation of changes in net assets available for benefits during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Changes in net assets available for benefits per Form 5500	\$ 1,962,978	\$ 1,805,485
Refund of excess contributions	(136,495)	(97,449)
Payment of excess contributions	<u>87,829</u>	<u>337,137</u>
Changes in net assets available for benefits, per financial statements	<u>\$ 1,914,312</u>	<u>\$ 2,045,173</u>

**The Grand Healthcare System
401(k) Plan**

Supplemental Schedules

December 31, 2021

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)
December 31, 2021**

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment including Maturity Date, Rate of interest, Collateral, Par or Maturity Value	(d) Cost	(E) Current Value (1)
Mutual Funds:				
	Fidelity Management Trust Co.	DFA US LARGE COMPANY	**	\$ 31,050
	Fidelity Management Trust Co.	IS S&P 500 IDX K	**	210,472
	Fidelity Management Trust Co.	COL DIVIDEND INC 13	**	53,419
	Fidelity Management Trust Co.	VANG GROWTH IDX ADM	**	184,706
	Fidelity Management Trust Co.	VANG INFL PROT ADM	**	6,526
	Fidelity Management Trust Co.	VANG MDCPGR IDX ADM	**	115,717
	Fidelity Management Trust Co.	MFS GROWTH R6	**	219,989
	Fidelity Management Trust Co.	WA CORE PLS BOND IS	**	6,280
	Fidelity Management Trust Co.	VICTORY S EST VAL R6	**	13,350
	Fidelity Management Trust Co.	VANG MATERIAL IDX AD	**	8,271
	Fidelity Management Trust Co.	PIF CORE FX INC INST	**	128,444
	Fidelity Management Trust Co.	MFS INTL DIVRSN R6	**	58,839
	Fidelity Management Trust Co.	INVS DEVELOP MKT R6	**	10,937
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	3,402
	Fidelity Management Trust Co.	DFA ITM FVT FXINC I	**	46,077
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	41,107
	Fidelity Management Trust Co.	DFA REAL EST SEC I	**	16,357
*	Fidelity Management Trust Co.	FID EMRG MKTS IDX	**	15,208
*	Fidelity Management Trust Co.	FID SM CAP IDX	**	85,589
*	Fidelity Management Trust Co.	FID EXTD MKT IDX	**	41,888
*	Fidelity Management Trust Co.	FID GOVT MMRK PRM	**	277,574
*	Fidelity Management Trust Co.	FID FDM IDX INC IPR	**	128,618
*	Fidelity Management Trust Co.	FID FDM IDX 2015 IPR	**	278,087
*	Fidelity Management Trust Co.	FID FDM IDX 2020 IPR	**	635,774
*	Fidelity Management Trust Co.	FID FDM IDX 2025 IPR	**	746,483
*	Fidelity Management Trust Co.	FID FDM IDX 2030 IPR	**	1,076,510
*	Fidelity Management Trust Co.	FID FDM IDX 2035 IPR	**	1,867,501
*	Fidelity Management Trust Co.	FID FDM IDX 2040 IPR	**	1,435,222
*	Fidelity Management Trust Co.	FID FDM IDX 2045 IPR	**	707,079
*	Fidelity Management Trust Co.	FID FDM IDX 2050 IPR	**	596,894
*	Fidelity Management Trust Co.	FID FDM IDX 2055 IPR	**	392,681
*	Fidelity Management Trust Co.	FID FDM IDX 2060 IPR	**	257,465
*	Fidelity Management Trust Co.	FID FDM IDX 2065 IPR	**	11,868
		Total		9,709,384
	Participant Loans	Interest rates from 4.25% - 6.50%		263,964
	Total Investments			\$ 9,973,348

* Party-in interest as defined by ERISA

** Not required for participant directed plans.

(1) As certified by Custodian

The Grand Healthcare System
401(k) Plan

Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021

Participant Contributions Transferred Late to the Plan		Total That Constitutes Nonexempt Prohibited Transactions		Check Here if		Contributions		Contributions		Totally Fully	
Amount Withheld	Date Withheld	Date Remitted	Repayments Are Included	Late Participant Loan	Contributions Not Corrected	Corrected Outside Voluntary Fiduciary Correction Program	Pending Correction in Voluntary Fiduciary Correction Program	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Pending Correction in Voluntary Fiduciary Correction Program	Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51	
\$ 4,817.70	1/3/2020	1/14/2020	X		\$ -	\$ -	\$ 4,817.70	-	4,817.70	\$ -	-
4,187.83	1/24/2020	1/17/2020	X		-	-	4,187.83	-	4,187.83	-	-
4,187.83	1/31/2020	2/11/2020	X		-	-	4,187.83	-	4,187.83	-	-
4,476.28	2/7/2020	2/24/2020	X		-	-	4,476.28	-	4,476.28	-	-
4,538.59	3/27/2020	4/17/2020	X		-	-	4,538.59	-	4,538.59	-	-
4,343.71	4/3/2020	10/9/2020	X		-	-	4,343.71	-	4,343.71	-	-
4,538.59	4/10/2020	10/9/2020	X		-	-	4,538.59	-	4,538.59	-	-
4,547.45	5/8/2020	10/9/2020	X		-	-	4,547.45	-	4,547.45	-	-
5,707.99	1/3/2020	1/21/2020	X		-	-	5,707.99	-	5,707.99	-	-
4,608.69	1/10/2020	1/21/2020	X		-	-	4,608.69	-	4,608.69	-	-
6,879.54	1/17/2020	1/28/2020	X		-	-	6,879.54	-	6,879.54	-	-
874.08	1/13/2020	1/28/2020	X		-	-	874.08	-	874.08	-	-
752.26	1/20/2020	1/31/2020	X		-	-	752.26	-	752.26	-	-
997.24	2/10/2020	2/19/2020	X		-	-	997.24	-	997.24	-	-
888.48	2/24/2020	3/6/2020	X		-	-	888.48	-	888.48	-	-
980.92	3/9/2020	3/20/2020			-	-	980.92	-	980.92	-	-
587.93	3/16/2020	3/27/2020			-	-	587.93	-	587.93	-	-
662.61	3/23/2020	4/1/2020			-	-	662.61	-	662.61	-	-
681.55	3/30/2020	4/13/2020	X		-	-	681.55	-	681.55	-	-
666.50	4/6/2020	4/17/2020	X		-	-	666.50	-	666.50	-	-
730.49	4/13/2020	4/24/2020	X		-	-	730.49	-	730.49	-	-
1,021.92	7/27/2020	8/5/2020	X		-	-	1,021.92	-	1,021.92	-	-
1,631.76	9/7/2020	9/16/2020	X		-	-	1,631.76	-	1,631.76	-	-
2,325.21	10/26/2020	11/4/2020	X		-	-	2,325.21	-	2,325.21	-	-
2,297.78	11/9/2020	12/4/2020	X		-	-	2,297.78	-	2,297.78	-	-
2,259.17	11/16/2020	12/4/2020	X		-	-	2,259.17	-	2,259.17	-	-

The Grand Healthcare System
401(k) Plan

Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021

Total That Constitutes Nonexempt Prohibited Transactions				Totally Fully			
Participant Contributions Transferred Late to the Plan	Amount Withheld	Date Withheld	Date Remitted	Check Here if Late Participant Repayments Are Included	Contributions		
					Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
	2,241.05	11/23/2020	12/4/2020	X	-	2,241.05	-
	2,062.89	1/8/2020	1/21/2020	X	-	2,062.89	-
	2,038.32	2/5/2020	2/14/2020	X	-	2,038.32	-
	2,605.30	2/26/2020	3/6/2020	X	-	2,605.30	-
	2,671.41	3/11/2020	3/20/2020	X	-	2,671.41	-
	2,535.34	3/18/2020	3/27/2020	X	-	2,535.34	-
	2,608.12	4/1/2020	4/13/2020	X	-	2,608.12	-
	2,467.15	4/8/2020	4/17/2020	X	-	2,467.15	-
	2,529.52	4/15/2020	4/24/2020	X	-	2,529.52	-
	863.32	3/11/2020	3/20/2020	X	-	863.32	-
	813.66	3/18/2020	3/27/2020	X	-	813.66	-
	885.87	4/1/2020	4/13/2020	X	-	885.87	-
	873.21	4/8/2020	4/17/2020	X	-	873.21	-
	866.99	4/15/2020	4/24/2020	X	-	866.99	-
	1,205.77	1/2/2020	1/21/2020	X	-	1,205.77	-
	952.23	1/9/2020	1/21/2020		-	952.23	-
	1,089.15	2/27/2020	3/9/2020		-	1,089.15	-
	983.15	4/2/2020	4/13/2020		-	983.15	-
	1,332.04	3/23/2020	4/1/2020	X	-	1,332.04	-
	1,405.69	3/30/2020	4/13/2020	X	-	1,405.69	-
	1,267.39	4/6/2020	4/17/2020	X	-	1,267.39	-
	1,262.78	4/13/2020	4/24/2020	X	-	1,262.78	-
	1,502.46	7/27/2020	8/5/2020	X	-	1,502.46	-
	1,510.47	9/7/2020	9/16/2020	X	-	1,510.47	-
	1,485.42	10/26/2020	11/4/2020	X	-	1,485.42	-
	207.15	4/1/2020	4/13/2020		-	207.15	-

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021**

Total That Constitutes Nonexempt Prohibited Transactions							Totally Fully Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
Participant Contributions Transferred Late to the Plan Amount Withheld	Date Withheld	Date Remitted	Check Here if Late Participant Loan Repayments Are Included	Contributions		Contributions	
				Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Pending Correction in Voluntary Fiduciary Correction Program	
188.61	4/8/2020	4/17/2020		-	-	188.61	-
192.32	4/15/2020	4/24/2020		-	-	192.32	-
1,712.11	1/3/2020	1/14/2020	X	-	-	1,712.11	-
16.25	1/3/2020	1/14/2020		-	-	16.25	-
753.08	4/17/2020	8/10/2020		-	-	753.08	-
1,506.56	1/3/2020	1/14/2020		-	-	1,506.56	-
2,230.26	1/3/2020	1/14/2020		-	-	2,230.26	-
405.00	3/6/2020	5/1/2020		-	-	405.00	-
405.00	3/20/2020	5/1/2020		-	-	405.00	-
405.00	4/3/2020	5/4/2020		-	-	405.00	-
405.00	4/17/2020	5/4/2020		-	-	405.00	-
\$ 118,677.14				\$ -	\$ -	\$ 118,677.14	\$ -
\$ 1,162.32	5/24/2021	6/2/2021	X	\$ -	\$ -	\$ 1,162.32	
1,485.84	5/24/2021	6/2/2021		-	-	1,485.84	
1,330.22	1/7/2021	2/4/2021		-	-	1,330.22	
1,386.47	1/14/2021	2/8/2021		-	-	1,386.47	
\$ 5,364.85				\$ -	\$ -	\$ 5,364.85	\$ -
\$ 124,041.99	Total			\$ -	\$ -	\$ 124,041.99	\$ -

**The Grand Healthcare System
401(k) Plan**

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

**The Grand Healthcare System
401(k) Plan**

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of Net Assets Available for Benefits	4
Statements of Changes in Net Assets Available for Benefits	5
Notes to Financial Statements	6 - 13
Supplemental Schedules	
Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)	14
Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions	15 - 17

HMM, CPAs LLP

AUDIT | TAX | CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
of The Grand Healthcare System 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of The Grand Healthcare System 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) (ERISA Section 103(a)(3)(C) audit). The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 4 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section

- the amounts and disclosures in the accompanying 2021 financial statements, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the accompanying 2021 financial statements related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of The Grand Healthcare System 401(k) Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 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. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Grand Healthcare System 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Grand Healthcare System 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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.

Other Matters

2021 Supplemental Schedules Required by ERISA

The supplemental schedules, Schedule H, line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021 and Schedule H, line 4(a) – Schedule of Delinquent Participant Contributions are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of The Grand Healthcare System 401(k) Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 15, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

HMM, CPAs LLP

Hauppauge, NY 11788
October 7, 2022

**The Grand Healthcare System
401(k) Plan**

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Investments, at fair value:	\$ 9,709,384	\$ 7,844,187
Receivables		
Contribution receivable - employees	-	19,221
Contribution receivable - employers	393,699	323,649
Notes receivable from participants	<u>263,964</u>	<u>217,012</u>
Total receivables	<u>657,663</u>	<u>559,882</u>
Total assets	<u>10,367,047</u>	<u>8,404,069</u>
Liabilities		
Excess contribution payable	<u>116,101</u>	<u>67,435</u>
Total liabilities	<u>116,101</u>	<u>67,435</u>
Net assets available for benefits	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

**The Grand Healthcare System
401(k) Plan**

Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Additions		
Contributions from participants	\$ 1,414,395	\$ 1,250,155
Contributions from employers	393,699	283,649
Rollover contributions	311,663	116,256
Interest and dividend income	204,341	167,159
Interest on notes receivable from participants	11,144	12,441
Net appreciation in fair value of investments	<u>878,850</u>	<u>874,224</u>
Total Additions	3,214,092	2,703,884
Deductions		
Benefits paid to participants	1,055,828	487,011
Refund of excess contributions	136,495	97,449
Administrative expenses	<u>107,457</u>	<u>74,251</u>
Total Deductions	<u>1,299,780</u>	<u>658,711</u>
Net Increase	1,914,312	2,045,173
Net assets available for benefits at beginning of year	<u>8,336,634</u>	<u>6,291,461</u>
Net assets available for benefits at end of year	<u><u>\$ 10,250,946</u></u>	<u><u>\$ 8,336,634</u></u>

See notes to financial statements

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 1 - Description of the Plan

The Grand Healthcare System 401(k) Plan (the "Plan") is a multiple-employer contributory defined-contribution plan. The sponsor of the plan is Strauss Ventures, LLC d/b/a The Grand Healthcare System. Employers in the Plan are as follows:

- Strauss Ventures, LLC d/b/a The Grand Healthcare System
- Clearview Operating Co., LLC d/b/a The Grand Rehabilitation and Nursing at Queens
- The Center for Rehabilitation and Healthcare at Dutchess, LLC d/b/a The Grand Rehabilitation and Nursing at Pawling
- Rome Center, LLC d/b/a The Grand Rehabilitation and Nursing at Rome
- Chittenango Center, LLC, d/b/a The Grand Rehabilitation Center at Chittenango
- River Valley Operating, LLC d/b/a The Grand Rehabilitation and Nursing at River Valley
- Guilderland Operator, LLC, d/b/a The Grand Rehabilitation and Nursing at Guilderland
- Barnwell Operations Associates LLC d/b/a The Grand Rehabilitation and Nursing at Barnwell
- Grand Batavia LLC d/b/a The Grand Rehabilitation and Nursing at Batavia
- Grand Mohawk Valley LLC d/b/a The Grand Rehabilitation and Nursing at Mohawk Valley
- RTRNC LLC d/b/a Robinson Terrace Rehabilitation and Nursing Center
- RTACF LLC d/b/a The Pavilion at Robinson Terrace
- EN Receiver LLC d/b/a Buffalo Community Healthcare Center
- Grand Great Neck LLC d/b/a The Grand Rehabilitation and Nursing at Great Neck
- Grand South Point LLC d/b/a The Grand Rehabilitation and Nursing at South Point
- Heritage Operating Associates LLC d/b/a The Grand Rehabilitation at Utica
- EN Operations Acquisitions LLC d/b/a The Grand Rehabilitation and Nursing at Delaware

The employers listed above are collectively referred to as the "Sponsor" or the "Employers".

The following description of the Plan is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan, which was adopted and established effective July 1, 2017, is a defined contribution plan which covers substantially all eligible employees of the participating employers who have at least 1,000 hours of service, and provides for a deferred compensation arrangement as described in Section 401(k) of the Internal Revenue Code (the "Code"). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law. The CARES Act provides immediate and temporary relief for retirement plan sponsors and their participants including:

- Distributions up to the lesser of vested account balance or \$100,000
- Increased loan limits up to the lesser of 100% the vested account balance or \$100,000
- Loan repayment extension allowing payments to be deferred up to one year
- Waivers of Required Minimum Distributions that would otherwise have been payable during 2020

The Plan only includes the optional waiver of Required Minimum Distributions.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 1 - Description of the Plan (continued)

Contributions

Each year, participants may contribute to the Plan a portion of their pretax annual compensation as defined in the Plan, subject to limitations as defined in the Code. The Plan's contributions are discretionary and determined annually by the Plan's management. There are two contribution formulas; (1) a discretionary matching contribution equal to a percentage of the amount of the salary reduction the participant has elected to defer and (2) a discretionary contribution equal to the percentage of the eligible participant's compensation plus a percentage of each eligible participant's compensation in excess of the Social Security wage base with defined limitations.

For the years ended December 31, 2021 and 2020, the Sponsor made voluntary matching contributions of \$393,699 and \$283,649, respectively.

Investment Options

The Plan offers its participants various investment options. Upon enrollment in the Plan, each participant may direct employee contributions in 1% increments in any of the investment options. Participants may change their investment options daily.

Participant Accounts

Each participant's account is credited with the participant's contributions, the Sponsor's contributions, and allocations of Plan earnings and charged with an allocation of administrative expenses. Allocations of the Plan's earnings are based on individual participant's account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Sponsor's contributions to the Plan is based on years of continuous service. A participant becomes fully vested according to the following schedule:

<u>After Years of Service</u>	<u>Percent Vested</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Participants are fully vested at all times in their voluntary contribution amounts. Participants are fully vested in the total value of their account if they working for the Employers upon reaching retirement age, death or disability.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 1 - Description of the Plan (continued)

Forfeitures

Participants who terminate employment before they vest will forfeit their interest in their employer contribution accounts. Forfeitures may be applied to pay Plan expenses or may be used at the discretion of the Sponsor to reduce the Sponsor's discretionary matching contribution. At December 31, 2021 and 2020, non-vested forfeited accounts had a balance of \$3,779 and \$24,002, respectively. During 2021 and 2020 there were \$29,882 and \$89,832, respectively, of new forfeitures and \$53,527 and \$41,552, respectively, was offset to expenses. In addition, during 2021 and 2020, \$900 and \$40,000, respectively, of forfeitures was used to reduce the Sponsor's discretionary matching contribution.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The notes are secured by the balance in the participant's account and bear interest rates ranging from 4.25% to 6.50%, which are commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid ratably through monthly payroll deductions.

Payment of Benefits

Other than the option of waiving Required Minimum Distributions, upon termination of service, a participant is entitled to receive the value of his or her account in a lump sum or other payment methods.

Plan Termination

Although the participating employers have not expressed any intention to terminate the Plan, they may do so at any time subject to the provisions of ERISA. In the event the Plan is terminated, participants would become 100 percent vested in their accounts.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management to make estimates and assumptions that affect certain the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 2 - Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's investment Committee determines the Plan's valuation policies utilizing information provided by the investment advisers, custodians and insurance company. See Note 3 for a discussion of fair value measurement.

Purchases and sales of investments are recorded on the trade date basis. Dividends are recorded on the ex-dividend date and reinvested into the respective fund. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan repayments and the plan administrator considers the participant loan to be in default, the loan balance is reduced, and the delinquent participant note receivable is recorded as a benefit payment based on the terms of the Plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Several of the investment fund options are subject to investment fees based upon a percentage of invested assets, as disclosed in the fund's prospectus. All such fees are charged directly against the fund's performance and thus are not separately disclosed in the accompanying financial statements. All other administrative expenses related to the plan are paid by the Plan.

Date of Management's Review

In preparing these financial statements, the Company has evaluated events and transactions through October 7, 2022, which is the date the financial statements were available to be issued.

The Grand Healthcare System 401(k) Plan

Notes to Financial Statements Years Ended December 31, 2021 and 2020

Note 3 - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The following tables set forth by level within the fair value hierarchy presents the plan's assets at fair value as of December 31, 2021 and 2020:

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 3 - Fair Value Measurements (continued)

	2021	
	Level 1	Total
Mutual funds	\$ 9,709,384	\$ 9,709,384
Total investments at fair value	\$ 9,709,384	\$ 9,709,384

	2020	
	Level 1	Total
Mutual funds	\$ 7,844,187	\$ 7,844,187
Total investments at fair value	\$ 7,844,187	\$ 7,844,187

Note 4 – Certified Investment Information

The Plan administrator has elected the method of annual reporting compliance permitted by ERISA Section 103(a)(3)(C), pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulation for Reporting and Disclosure under ERISA. Accordingly, Fidelity Management Trust Company ("FMTTC"), a qualified institution, and the trustee of the plan, has certified the following information as complete and accurate:

- Investments and notes receivable from participants reflected on the accompanying statements of net assets available for benefits as of December 31, 2021 and 2020.
- Net appreciation in fair value of investments, dividends, other income, and interest income on notes receivable from participants reflected on the accompanying statement of changes in net assets available for benefits for the years ended December 31, 2021 and 2020.
- All investment information included in the supplemental schedule, Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year) as of December 31, 2021.

Note 5 - Income Tax Status

The Plan has adopted a volume submitter profit sharing plan with CODA and is relying on an advisory letter received from Fidelity Management & Research Co. dated March 31, 2014 stating that the Internal Revenue Service has determined that the volume submitter plan adopted by the Plan is designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). Although the Plan has been amended since receiving the determination letter, the Plan administrator believes that the Plan is

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 5 - Income Tax Status (continued)

designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe the Plan is qualified, and the related trust is tax-exempt.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more than likely would not be sustained upon examination by the applicable authorities. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 6 - Party-in-Interest

Certain plan investments are managed by Fidelity Management Trust Company, the trustee of the Plan. These transactions are considered to be party-in-interest transactions.

Note 7 - Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

COVID-19

In March 2020, the World Health Organization designated COVID-19 a pandemic. COVID-19 had a significant effect on overall economic conditions in nearly all regions around the world. The COVID-19 pandemic has caused volatility in financial markets and may continue to affect the market price of plan assets. Due to the uncertainty of the duration and the continued effects of this pandemic, the near- and long-term financial effects cannot be reasonably estimated at this time.

Note 8 – Non-discrimination Testing

The Plan is subject to certain IRS non-discrimination testing requirements each Plan year. Nondiscrimination testing for the plan years 2019, 2018 and 2017 were not fully completed until 2020, at which time an estimated liability to highly compensated employees (HCEs) was recorded in the amount of \$307,123 for the year ended December 31, 2019. Actual excess contributions of \$337,137, including earnings for the plan years 2019, 2018 and 2017, was distributed to HCEs in 2020.

The nondiscrimination testing for the plan year 2020 resulted in recording an estimated liability of \$67,435 for the year ended December 31, 2020. The actual excess contributions of \$87,829, including earnings, was distributed during the year ended December 31, 2021.

At December 31, 2021, the Plan recorded an estimated nondiscrimination testing liability of \$116,101 for the 2021 plan year.

**The Grand Healthcare System
401(k) Plan**

**Notes to Financial Statements
Years Ended December 31, 2021 and 2020**

Note 8 – Non-discrimination Testing (continued)

On June 2, 2021, the plan sponsor received a signed compliance statement from the Internal Revenue Service (IRS) indicating they agree with the corrective actions taken for the 2017 and 2018 plan years. The plan sponsor expects to be in compliance with the IRS for the 2019, 2020 and 2021 plan years.

Note 9 – Delinquent Contributions

In 2021 and 2020, the sponsor failed to remit participant contributions in a timely manner. The sponsor identified 4 instances for a total of \$5,365 in 2021 and 63 instances for a total of \$118,677 in 2020, in which participant contributions were remitted to the Plan in violation of the Department of Labor (DOL) regulations. The Sponsor estimated the amount of corrective payments due to the plan and determined that the amount is immaterial.

Note 10 – Reconciliation to Form 5500

The differences between the information reported in the financial statements and the information reported in the Form 5500 arise primarily from presenting the financial statements on the accrual basis of accounting.

The following is a reconciliation of net assets available for benefits at December 31:

	<u>2021</u>	<u>2020</u>
Net assets per Form 5500	\$ 10,367,047	\$ 8,404,069
Excess contributions payable	<u>(116,101)</u>	<u>(67,435)</u>
Net assets available for benefits per financial statements	<u>\$ 10,250,946</u>	<u>\$ 8,336,634</u>

The following is a reconciliation of changes in net assets available for benefits during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Changes in net assets available for benefits per Form 5500	\$ 1,962,978	\$ 1,805,485
Refund of excess contributions	(136,495)	(97,449)
Payment of excess contributions	<u>87,829</u>	<u>337,137</u>
Changes in net assets available for benefits, per financial statements	<u>\$ 1,914,312</u>	<u>\$ 2,045,173</u>

**The Grand Healthcare System
401(k) Plan**

Supplemental Schedules

December 31, 2021

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(i)-Schedule of Assets (Held at End of Year)
December 31, 2021**

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment including Maturity Date, Rate of interest, Collateral, Par or Maturity Value	(d) Cost	(E) Current Value (1)
Mutual Funds:				
	Fidelity Management Trust Co.	DFA US LARGE COMPANY	**	\$ 31,050
	Fidelity Management Trust Co.	IS S&P 500 IDX K	**	210,472
	Fidelity Management Trust Co.	COL DIVIDEND INC 13	**	53,419
	Fidelity Management Trust Co.	VANG GROWTH IDX ADM	**	184,706
	Fidelity Management Trust Co.	VANG INFL PROT ADM	**	6,526
	Fidelity Management Trust Co.	VANG MDCPGR IDX ADM	**	115,717
	Fidelity Management Trust Co.	MFS GROWTH R6	**	219,989
	Fidelity Management Trust Co.	WA CORE PLS BOND IS	**	6,280
	Fidelity Management Trust Co.	VICTORY S EST VAL R6	**	13,350
	Fidelity Management Trust Co.	VANG MATERIAL IDX AD	**	8,271
	Fidelity Management Trust Co.	PIF CORE FX INC INST	**	128,444
	Fidelity Management Trust Co.	MFS INTL DIVRSN R6	**	58,839
	Fidelity Management Trust Co.	INVS DEVELOP MKT R6	**	10,937
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	3,402
	Fidelity Management Trust Co.	DFA ITM FVT FXINC I	**	46,077
	Fidelity Management Trust Co.	VANG SMCPVL IDX ADM	**	41,107
	Fidelity Management Trust Co.	DFA REAL EST SEC I	**	16,357
*	Fidelity Management Trust Co.	FID EMRG MKTS IDX	**	15,208
*	Fidelity Management Trust Co.	FID SM CAP IDX	**	85,589
*	Fidelity Management Trust Co.	FID EXTD MKT IDX	**	41,888
*	Fidelity Management Trust Co.	FID GOVT MMRK PRM	**	277,574
*	Fidelity Management Trust Co.	FID FDM IDX INC IPR	**	128,618
*	Fidelity Management Trust Co.	FID FDM IDX 2015 IPR	**	278,087
*	Fidelity Management Trust Co.	FID FDM IDX 2020 IPR	**	635,774
*	Fidelity Management Trust Co.	FID FDM IDX 2025 IPR	**	746,483
*	Fidelity Management Trust Co.	FID FDM IDX 2030 IPR	**	1,076,510
*	Fidelity Management Trust Co.	FID FDM IDX 2035 IPR	**	1,867,501
*	Fidelity Management Trust Co.	FID FDM IDX 2040 IPR	**	1,435,222
*	Fidelity Management Trust Co.	FID FDM IDX 2045 IPR	**	707,079
*	Fidelity Management Trust Co.	FID FDM IDX 2050 IPR	**	596,894
*	Fidelity Management Trust Co.	FID FDM IDX 2055 IPR	**	392,681
*	Fidelity Management Trust Co.	FID FDM IDX 2060 IPR	**	257,465
*	Fidelity Management Trust Co.	FID FDM IDX 2065 IPR	**	11,868
		Total		9,709,384
	Participant Loans	Interest rates from 4.25% - 6.50%		263,964
	Total Investments			\$ 9,973,348

* Party-in interest as defined by ERISA

** Not required for participant directed plans.

(1) As certified by Custodian

The Grand Healthcare System
401(k) Plan

Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021

Participant Contributions Transferred Late to the Plan		Total That Constitutes Nonexempt Prohibited Transactions		Check Here if		Contributions		Contributions		Totally Fully	
Amount Withheld	Date Withheld	Date Remitted	Repayments Are Included	Loan Repayments Are Included	Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program	Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51	
\$ 4,817.70	1/3/2020	1/14/2020	X		\$ -	\$ -	\$ 4,817.70	\$ -	\$ 4,817.70	\$ -	-
4,187.83	1/24/2020	1/17/2020	X		-	-	4,187.83	-	4,187.83	-	-
4,187.83	1/31/2020	2/11/2020	X		-	-	4,187.83	-	4,187.83	-	-
4,476.28	2/7/2020	2/24/2020	X		-	-	4,476.28	-	4,476.28	-	-
4,538.59	3/27/2020	4/17/2020	X		-	-	4,538.59	-	4,538.59	-	-
4,343.71	4/3/2020	10/9/2020	X		-	-	4,343.71	-	4,343.71	-	-
4,538.59	4/10/2020	10/9/2020	X		-	-	4,538.59	-	4,538.59	-	-
4,547.45	5/8/2020	10/9/2020	X		-	-	4,547.45	-	4,547.45	-	-
5,707.99	1/3/2020	1/21/2020	X		-	-	5,707.99	-	5,707.99	-	-
4,608.69	1/10/2020	1/21/2020	X		-	-	4,608.69	-	4,608.69	-	-
6,879.54	1/17/2020	1/28/2020	X		-	-	6,879.54	-	6,879.54	-	-
874.08	1/13/2020	1/28/2020	X		-	-	874.08	-	874.08	-	-
752.26	1/20/2020	1/31/2020	X		-	-	752.26	-	752.26	-	-
997.24	2/10/2020	2/19/2020	X		-	-	997.24	-	997.24	-	-
888.48	2/24/2020	3/6/2020	X		-	-	888.48	-	888.48	-	-
980.92	3/9/2020	3/20/2020			-	-	980.92	-	980.92	-	-
587.93	3/16/2020	3/27/2020			-	-	587.93	-	587.93	-	-
662.61	3/23/2020	4/1/2020			-	-	662.61	-	662.61	-	-
681.55	3/30/2020	4/13/2020	X		-	-	681.55	-	681.55	-	-
666.50	4/6/2020	4/17/2020	X		-	-	666.50	-	666.50	-	-
730.49	4/13/2020	4/24/2020	X		-	-	730.49	-	730.49	-	-
1,021.92	7/27/2020	8/5/2020	X		-	-	1,021.92	-	1,021.92	-	-
1,631.76	9/7/2020	9/16/2020	X		-	-	1,631.76	-	1,631.76	-	-
2,325.21	10/26/2020	11/4/2020	X		-	-	2,325.21	-	2,325.21	-	-
2,297.78	11/9/2020	12/4/2020	X		-	-	2,297.78	-	2,297.78	-	-
2,259.17	11/16/2020	12/4/2020	X		-	-	2,259.17	-	2,259.17	-	-

The Grand Healthcare System
401(k) Plan

Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021

Total That Constitutes Nonexempt Prohibited Transactions				Totally Fully			
Participant Contributions Transferred Late to the Plan	Amount Withheld	Date Withheld	Date Remitted	Check Here if Late Participant Repayments Are Included	Contributions		
					Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program	Contributions Pending Correction in Voluntary Fiduciary Correction Program
2,241.05	11/23/2020	12/4/2020		X	-	-	2,241.05
2,062.89	1/8/2020	1/21/2020		X	-	-	2,062.89
2,038.32	2/5/2020	2/14/2020		X	-	-	2,038.32
2,605.30	2/26/2020	3/6/2020		X	-	-	2,605.30
2,671.41	3/11/2020	3/20/2020		X	-	-	2,671.41
2,535.34	3/18/2020	3/27/2020		X	-	-	2,535.34
2,608.12	4/1/2020	4/13/2020		X	-	-	2,608.12
2,467.15	4/8/2020	4/17/2020		X	-	-	2,467.15
2,529.52	4/15/2020	4/24/2020		X	-	-	2,529.52
863.32	3/11/2020	3/20/2020		X	-	-	863.32
813.66	3/18/2020	3/27/2020		X	-	-	813.66
885.87	4/1/2020	4/13/2020		X	-	-	885.87
873.21	4/8/2020	4/17/2020		X	-	-	873.21
866.99	4/15/2020	4/24/2020		X	-	-	866.99
1,205.77	1/2/2020	1/21/2020		X	-	-	1,205.77
952.23	1/9/2020	1/21/2020			-	-	952.23
1,089.15	2/27/2020	3/9/2020			-	-	1,089.15
983.15	4/2/2020	4/13/2020			-	-	983.15
1,332.04	3/23/2020	4/1/2020		X	-	-	1,332.04
1,405.69	3/30/2020	4/13/2020		X	-	-	1,405.69
1,267.39	4/6/2020	4/17/2020		X	-	-	1,267.39
1,262.78	4/13/2020	4/24/2020		X	-	-	1,262.78
1,502.46	7/27/2020	8/5/2020		X	-	-	1,502.46
1,510.47	9/7/2020	9/16/2020		X	-	-	1,510.47
1,485.42	10/26/2020	11/4/2020		X	-	-	1,485.42
207.15	4/1/2020	4/13/2020			-	-	207.15

**The Grand Healthcare System
401(k) Plan**

**Schedule H, Line 4(a)-Schedule of Delinquent Participant Contributions
December 31, 2021**

Total That Constitutes Nonexempt Prohibited Transactions							Totally Fully Corrected Under Voluntary Fiduciary Correction Program and PTE 2002-51
Check Here if Late Participant Loan Repayments Are Included			Contributions Corrected Outside Voluntary Fiduciary Correction Program		Contributions Pending Correction in Voluntary Fiduciary Correction Program		
Participant Contributions Transferred Late to the Plan Amount Withheld	Date Withheld	Date Remitted	Contributions Not Corrected				
188.61	4/8/2020	4/17/2020	-	-	188.61	-	
192.32	4/15/2020	4/24/2020	-	-	192.32	-	
1,712.11	1/3/2020	1/14/2020	X	-	1,712.11	-	
16.25	1/3/2020	1/14/2020	-	-	16.25	-	
753.08	4/17/2020	8/10/2020	-	-	753.08	-	
1,506.56	1/3/2020	1/14/2020	-	-	1,506.56	-	
2,230.26	1/3/2020	1/14/2020	-	-	2,230.26	-	
405.00	3/6/2020	5/1/2020	-	-	405.00	-	
405.00	3/20/2020	5/1/2020	-	-	405.00	-	
405.00	4/3/2020	5/4/2020	-	-	405.00	-	
405.00	4/17/2020	5/4/2020	-	-	405.00	-	
<u>\$ 118,677.14</u>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,677.14</u>	<u>\$ -</u>	
\$ 1,162.32	5/24/2021	6/2/2021	X	-	\$ 1,162.32	-	
1,485.84	5/24/2021	6/2/2021	-	-	1,485.84	-	
1,330.22	1/7/2021	2/4/2021	-	-	1,330.22	-	
1,386.47	1/14/2021	2/8/2021	-	-	1,386.47	-	
<u>\$ 5,364.85</u>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,364.85</u>	<u>\$ -</u>	
\$ 124,041.99	Total		\$ -	\$ -	\$ 124,041.99	\$ -	