



Ruby Potter -MDH- <ruby.potter@maryland.gov>

RE: HHS (Matter #23-03-2465)

1 message

Harting, Marta D. <MDHarting@venable.com>

Fri, Sep 8, 2023 at 5:04 PM

To: Wynee Hawk -MDH- <wynee.hawk1@maryland.gov>, Ruby Potter -MDH- <ruby.potter@maryland.gov>

Cc: Jeanne-Marie Gawel -MDH- <jeanne-marie.gawel@maryland.gov>, Eric Baker -MDH- <eric.baker@maryland.gov>, Caitlin Tepe -MDH- <caitlin.tepe@maryland.gov>, Yinka Fadiora <yfadiora@hopehealthsystems.com>, Alexa Bertinelli -MDH- <alexa.bertinelli@maryland.gov>

Good afternoon. Attached is HHS's Supplement to its June 9 completeness responses with its FY22 audited financial statement and related updates to the tables.

Thank you again for allowing us the additional time to enable the audit to be completed.

Regards,

Marta

From: Wynee Hawk -MDH- <wynee.hawk1@maryland.gov>**Sent:** Thursday, August 31, 2023 1:16 PM**To:** Harting, Marta D. <MDHarting@Venable.com>**Cc:** Jeanne-Marie Gawel -MDH- <jeanne-marie.gawel@maryland.gov>; Eric Baker -MDH- <eric.baker@maryland.gov>; Caitlin Tepe -MDH- <caitlin.tepe@maryland.gov>; Yinka Fadiora <yfadiora@hopehealthsystems.com>; Alexa Bertinelli -MDH- <alexa.bertinelli@maryland.gov>**Subject:** Re: HHS

Caution: External Email

Marta,

Thank you for the update. If there is a risk of either the audit or other components of the application not being completed by your requested date, Friday, September 8, you may want to consider withdrawing the application and take as much time as you may need to complete it. This would give time to review the results of the audit, update all applicable tables and other impacted components of the application and then resubmit a complete and consistent application. This is a nonscheduled review, therefore, there would be no prejudice in withdrawing and re-submitting the application at your convenience.

The requested extension until next Friday is approved, but if that deadline is not met, we may consider dismissing the application in accordance with COMAR 10.24.01.08C(5).

Let me know if you have any questions.

Wynee Hawk

On Wed, Aug 30, 2023 at 4:59 PM Harting, Marta D. <MDHarting@venable.com> wrote:

Good afternoon. I wanted to let you know that HHS's new auditor sent the attached update to HHS yesterday reporting that they are completing testing now (the final stage of the audit) but need a few additional days (on or before September 8) to finalize and issue the final audit report.

We will file the audit report, along with any conforming updates to the CON tables, next week when the report is issued.

Regards,

Marta

From: Harting, Marta D.

Sent: Tuesday, August 15, 2023 4:42 PM

To: 'Wynee Hawk (wynee.hawk1@maryland.gov)' <wynee.hawk1@maryland.gov>; 'Jeanne-Marie Gawel -MDH-' <jeanne-marie.gawel@maryland.gov>; Eric Baker -MDH- <eric.baker@maryland.gov>; 'Caitlin Tepe -MDH-' <caitlin.tepe@maryland.gov>

Subject: HHS

Wynee and Jeanne Marie, as I mentioned to you last week, I wanted to make you aware that CLA (the audit firm that prepared HHS's FY2021 audit) informed HHS in late July that CLA was declining the opportunity to prepare HHS's FY2022 audited financial statement. This news came as a surprise to HHS, after it made the commitment to have the 2022 audit to MHCC by the end of August based the audit timetable CLA had provided in June (and CLA hadn't previously told HHS there was any problem with CLA completing the audit in that timeframe). HHS immediately began a search for another CPA to prepare the 2022 audit so it could be filed by the end of August. HHS has contracted with Francis Awoyera and Associates CPA (FAA) (<https://fawoyeracpa.com/>) which has committed to this time frame. They began work immediately at the end of July, and have told HHS that the audit is on track for completion so it can be submitted to MHCC by the end of this month.

Please let me know if you have any questions.

Regards,

Marta

From: Lanre Fadiora <lanre39@hopehealthsystems.com>

Sent: Friday, July 21, 2023 9:18:44 AM

To: Yinka Fadiora <yfadiora@hopehealthsystems.com>

Subject: FW: [External] Letter-Notes

Sent via the Samsung Galaxy S22 Ultra 5G, an AT&T 5G smartphone

----- Original message -----

From: "Hansen, Jonathan" <Jonathan.Hansen@claconnect.com>

Date: 7/20/23 5:37 PM (GMT-05:00)

To: Lanre Fadiora <lanre39@hopehealthsystems.com>

Subject: RE: [External] Letter-Notes

Hello Lanre,

As we discussed, CLA has declined the opportunity to audit the financial statements for Hope Health as of and for the year ended 12/31/22.

The prior year audit took approximately three months to complete once we received the initial trial balance.

Thank you for the opportunity to provide service for the 2021 year.

Jon

Jonathan T. Hansen, CPA

Principal

Health Care and Life Sciences

Direct 410-308-8062 Mobile 704-604-0127

CLA (CliftonLarsonAllen LLP)

jonathan.hansen@CLAconnect.com

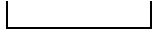
We'll get you there.

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From: Lanre Fadiora <lanre39@hopehealthsystems.com>
Sent: Wednesday, July 19, 2023 8:04 PM
To: Hansen, Jonathan <Jonathan.Hansen@claconnect.com>
Subject: [External] Letter-Notes

Think Security – This email originated from an external source. Be cautious with any links or attachments.

Good Afternoon,

Can CLA issue a letter regarding the issue with the timeline to complete the audit by the deadline of Aug. 30th? Please,

Thanks for your help

Lanre Fadiora

Account Executive/CFO
Hope Health Systems, Inc
443-865-7549-Cell
410-265-8737-Office
410-944-Hope-Office

lanre39@hopehealthsystems.com

www.Hopehealthsystems.com

www.agapehealthsystems.com



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Wynee E. Hawk, RN, JD
Director, Center for Health Care Facilities
Planning and Development

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Baltimore, MD 21215
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2 attachments

 **r3831CB00198_f3267d00-8775-4772-95a8-6efa17f2d8a40001.pdf**
1883K

 **Application Tables (FINAL) 9.8.23.xlsx**
398K

September 8, 2023

Marta D. Harting
T 410.244.7542
F 410.244.7742
M 410.627.0108
MDHarting@Venable.com

Via Electronic Mail

Ruby Potter
Health Facilities Coordinator
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Re: Hope Health Systems, Inc. Application to Establish a
Special Psychiatric Hospital for Children and Adolescents
Matter No. 23-03-2465

Dear Ms. Potter:

Enclosed for filing in this matter is the Applicant's Supplement to Its Responses to Staff's April 4, 2023 Completeness Questions.

Thank you for your assistance.

Sincerely,

Marta Harting

Marta D. Harting

MDH/sml
Enclosure

**APPLICANT'S SUPPLEMENT TO RESPONSES TO STAFF'S APRIL 4, 2023
COMPLETENESS QUESTIONS (MATTER #23-03-2465)**

SEPTEMBER 8, 2023

The Applicant, Hope Health Systems, Inc. (HHS), supplements its June 9, 2023 Responses to Staff's April 4, 2023 Completeness Questions as set forth herein. As requested by Staff and promised by the Applicant in its completeness responses, the Applicant attaches its audited financial statement for FY2022 (issued September 8, 2023) as **Exhibit 31** hereto.

In order to be consistent with its FY2022 audited financial statement, the Applicant updated the existing operations information in Tables G and H, and made adjustments to Table L values to reflect the impact of the revised FY 2022 audit figures on CY 2023 and CY 2028 values. The Applicant is providing the entire MHCC CON Table Package (in Excel format) with this filing, but notes that the only updates since the June 9, 2023 Completeness Responses were to Tables G, H and L.

In Tables G and H, the Applicant split out the audited line-item total under Contractual and Purchased Services within Table G and H for current operations to report "contractual services" and "purchased services" on separate line items. This was done to ensure a more accurate match to the format of these Tables and align the Table L values per MHCC directions with the Table G/J totals, as purchased services do not show up as distinct FTEs for the Applicant.

The Applicant notes that it reported the HHS values, and not the HHP values, in Table G and H for its existing services in CY 2021 / 2022. (As previously noted, please see Table 29 and Table 30 on Page 64 of the Application for growth assumptions for current outpatient operations.)


Additionally, subsequent to the June 9, 2023 completeness responses, the Applicant refinanced HHS's debt on June 23, 2023 in the amount of \$917,438.47 over a 246-month amortization period at 9.675% fixed interest rate, with the first payment on June 23, 2023. (The Applicant noted in its June 9, 2023 completeness responses (#21) that the lender was in the process of reviewing the financing, which was expected to be completed by the end of June.) Accordingly, in addition to updating Tables G and H to correspond to the FY2022 audit, the Applicant adjusted its interest on current debt assumptions for future years (calendar years 2023 and beyond) in these tables to align with its refinanced debt agreement. Specifically, the Applicant combined its prior payment requirements through May 2023 with its new debt service coverage starting in June 2023 for its CY 2023 assumptions. It then used the new debt service coverage assumption at an annual payment rate of \$103,056.36 for its future years.

The Applicant then totaled the Table J/K figures with current operations to produce the Table G/H figures. As shown in Table J, the inpatient program reaches net income of \$180,006 in year one, and the entire operation reaches net income of \$823,481 that year (as shown in updated Table G).

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing Supplement to Completeness Responses dated September 8, 2023 and all attachments thereto are true and correct to the best of my knowledge, information and belief.

Date: September 8, 2023

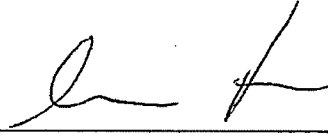


Name: Yinka Fasiora
Title: Program Director

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing Supplement to Completeness Responses dated September 8, 2023 and all attachments thereto are true and correct to the best of my knowledge, information and belief.

Date: September 8, 2023



Name: Lunre Fadiora

Title: CFO

AFFIRMATION

I hereby declare and affirm under the penalties of perjury that the facts stated in the foregoing Supplement to Completeness Responses dated September 8, 2023 and all attachments thereto are true and correct to the best of my knowledge, information and belief.

Date: September 8, 2023

Bryan Niehaus

Name: Bryan Niehaus

Title: Vice President - Advis

**UPDATED CON APPLICATION
TABLES (G, H, L)**

TABLE G. REVENUES & EXPENSES, UNINFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table G should reflect current dollars (no inflation). Projected revenues and expenses should be consistent with the projections in Table F and with the costs of Manpower listed in Table L. Manpower. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable. Specify the sources of non-operating income.

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
	2021	2022	2023	2024	2025	2026	2027	2028		
1. REVENUE										
a. Inpatient Services	\$ -	\$ -	\$ -	\$ 7,606,771	\$ 7,976,456	\$ 8,351,604	\$ 8,606,559	\$ 8,859,693		
b. Outpatient Services	\$ 12,108,287	\$ 14,224,524	\$ 15,217,889	\$ 16,130,962	\$ 16,614,891	\$ 17,113,338	\$ 17,626,738	\$ 18,155,540		
c. Professional Services	\$ -	\$ -	\$ -	\$ 229,735	\$ 240,900	\$ 252,230	\$ 259,930	\$ 267,575		
Gross Patient Service Revenues	\$ 12,108,287	\$ 14,224,524	\$ 15,217,889	\$ 23,967,468	\$ 24,832,247	\$ 25,717,172	\$ 26,493,227	\$ 27,282,808	\$ -	\$ -
c. Allowance For Bad Debt	\$ 158,528	\$ 10,168	\$ -	\$ 156,730	\$ 164,347	\$ 172,077	\$ 177,330	\$ 182,545		
d. Contractual Allowance	\$ -	\$ -	\$ -	\$ 783,651	\$ 821,736	\$ 860,383	\$ 886,649	\$ 912,727		
e. Charity Care	\$ -	\$ -	\$ -	\$ 156,730	\$ 164,347	\$ 172,077	\$ 177,330	\$ 182,545		
Net Patient Services Revenue	\$ 11,949,759	\$ 14,214,356	\$ 15,217,889	\$ 22,870,357	\$ 23,681,817	\$ 24,512,635	\$ 25,251,918	\$ 26,004,991	\$ -	\$ -
f. Other Operating Revenues (Specify/add rows if needed)	\$ 11,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
NET OPERATING REVENUE	\$ 11,961,160	\$ 14,214,356	\$ 15,217,889	\$ 22,870,357	\$ 23,681,817	\$ 24,512,635	\$ 25,251,918	\$ 26,004,991	\$ -	\$ -
2. EXPENSES										
a. Salaries & Wages (including benefits)	\$ 10,161,123	\$ 9,691,745	\$ 10,156,949	\$ 13,930,298	\$ 14,231,503	\$ 14,739,700	\$ 15,007,577	\$ 15,281,884		
b. Contractual Services	\$ 1,721,939	\$ 1,393,272	\$ 1,460,149	\$ 3,090,136	\$ 3,126,862	\$ 3,164,469	\$ 3,202,979	\$ 3,242,413		
c. Interest on Current Debt	\$ 93,942	\$ 217,886	\$ 104,357	\$ 103,056	\$ 103,056	\$ 103,056	\$ 103,056	\$ 103,056		
d. Interest on Project Debt	\$ -	\$ -	\$ -	\$ -	\$ 194,366	\$ 194,366	\$ 194,366	\$ 194,366		
e. Current Depreciation	\$ 135,913	\$ (47,444)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		
f. Project Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
g. Current Amortization	\$ 9,944	\$ 2,800	\$ 2,884	\$ 2,884	\$ 2,884	\$ 2,884	\$ 2,884	\$ 2,884		
h. Project Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
i. Supplies	\$ 334,783	\$ 288,908	\$ 297,575	\$ 769,584	\$ 796,687	\$ 824,192	\$ 844,449	\$ 864,667		
j. Repairs and Maintenance	\$ 497,047	\$ 195,452	\$ 201,316	\$ 207,355	\$ 213,576	\$ 219,983	\$ 226,582	\$ 233,380		
k. Utilities	\$ 50,432	\$ 33,223	\$ 34,220	\$ 106,957	\$ 111,499	\$ 116,125	\$ 119,650	\$ 123,192		
l. Lease Expense (Property + Equipment/Software)	\$ 473,647	\$ 477,509	\$ 491,834	\$ 1,095,634	\$ 1,095,634	\$ 1,095,634	\$ 1,095,634	\$ 1,095,634		
m. General and Administrative	\$ 564,855	\$ 1,116,844	\$ 1,150,349	\$ 1,335,881	\$ 1,360,993	\$ 1,386,481	\$ 1,409,853	\$ 1,433,463		
n. Property Taxes	\$ 49,118	\$ 113,182	\$ 116,577	\$ 120,075	\$ 123,677	\$ 127,387	\$ 131,209	\$ 135,145		
o. Purchased Services	\$ 461,609	\$ 393,076	\$ 411,944	\$ 914,774	\$ 948,612	\$ 983,045	\$ 1,010,100	\$ 1,037,300		
TOTAL OPERATING EXPENSES	\$ 14,554,352	\$ 13,876,453	\$ 14,478,154	\$ 21,726,634	\$ 22,359,350	\$ 23,007,322	\$ 23,398,340	\$ 23,797,384	\$ -	\$ -
3. INCOME										
a. Income From Operation	\$ (2,593,192)	\$ 337,903	\$ 739,735	\$ 1,143,723	\$ 1,322,468	\$ 1,505,313	\$ 1,853,578	\$ 2,207,608	\$ -	\$ -
b. Non-Operating Income	\$ 1,768,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
SUBTOTAL	\$ (825,021)	\$ 337,903	\$ 739,735	\$ 1,143,723	\$ 1,322,468	\$ 1,505,313	\$ 1,853,578	\$ 2,207,608	\$ -	\$ -
c. Income Taxes	\$ 142,579	\$ 105,271	\$ 207,126	\$ 320,242	\$ 370,291	\$ 421,488	\$ 519,002	\$ 618,130		
NET INCOME (LOSS)	\$ (967,600)	\$ 232,632	\$ 532,609	\$ 823,481	\$ 952,177	\$ 1,083,825	\$ 1,334,576	\$ 1,589,478	\$ -	\$ -

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
	2021	2022	2023	2024	2025	2026	2027	2028		
1. REVENUE										
a. Inpatient Services	\$ -	\$ -	\$ -	\$ 7,606,771	\$ 8,235,691.00	\$ 8,873,579.00	\$ 9,402,666.00	\$ 9,945,005.00		
b. Outpatient Services	\$ 12,108,287	\$ 14,224,524	\$ 15,217,889	\$ 16,574,564	\$ 17,541,275	\$ 18,564,370	\$ 19,647,137	\$ 20,793,056		
c. Professional Services	\$ -	\$ -	\$ -	\$ 229,735	\$ 248,729.00	\$ 267,994.00	\$ 283,974.00	\$ 300,353.00		
Gross Patient Service Revenues	\$ 12,108,287	\$ 14,224,524	\$ 15,217,889	\$ 24,411,070	\$ 26,025,695	\$ 27,705,943	\$ 29,333,777	\$ 31,038,414	\$ -	\$ -
c. Allowance For Bad Debt	\$ 158,528	\$ 10,168	\$ -	\$ 156,730	\$ 169,688	\$ 182,831	\$ 193,733	\$ 204,907		
d. Contractual Allowance	\$ -	\$ -	\$ -	\$ 783,651	\$ 848,442	\$ 914,157	\$ 968,664	\$ 1,024,536		
e. Charity Care	\$ -	\$ -	\$ -	\$ 156,730	\$ 169,688	\$ 182,831	\$ 193,733	\$ 204,907		
Net Patient Services Revenue	\$ 11,949,759	\$ 14,214,356	\$ 15,217,889	\$ 23,313,959	\$ 24,837,877	\$ 26,426,123	\$ 27,977,648	\$ 29,604,064	\$ -	\$ -
f. Other Operating Revenues (Specify/add rows if needed)	\$ 11,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
NET OPERATING REVENUE	\$ 11,961,160	\$ 14,214,356	\$ 15,217,889	\$ 23,313,959	\$ 24,837,877	\$ 26,426,123	\$ 27,977,648	\$ 29,604,064	\$ -	\$ -
2. EXPENSES										
a. Salaries & Wages (including benefits)	\$ 10,161,123	\$ 9,691,745	\$ 10,156,949	\$ 14,249,632	\$ 14,995,257	\$ 15,989,367	\$ 16,764,104	\$ 17,575,363		
b. Contractual Services	\$ 1,721,939	\$ 1,393,272	\$ 1,460,149	\$ 3,120,741	\$ 3,221,365	\$ 3,325,077	\$ 3,432,015	\$ 3,542,322		
c. Interest on Current Debt	\$ 93,942	\$ 217,886	\$ 104,357	\$ 103,056	\$ 103,056	\$ 103,056	\$ 103,056	\$ 103,056		
d. Interest on Project Debt	\$ -	\$ -	\$ -	\$ -	\$ 194,366	\$ 194,366	\$ 194,366	\$ 194,366		
e. Current Depreciation	\$ 135,913	\$ (47,444)	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		
f. Project Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
g. Current Amortization	\$ 9,944	\$ 2,800	\$ 2,884	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,800		
h. Project Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
i. Supplies	\$ 334,783	\$ 288,908	\$ 297,575	\$ 778,779	\$ 830,201	\$ 883,978	\$ 931,831	\$ 981,203		
j. Repairs and Maintenance	\$ 497,047	\$ 195,452	\$ 201,316	\$ 211,502	\$ 218,968	\$ 226,698	\$ 234,700	\$ 242,985		
k. Utilities	\$ 50,432	\$ 33,223	\$ 34,220	\$ 107,662	\$ 114,455	\$ 121,518	\$ 127,600	\$ 133,841		
l. Lease Expense (Property + Equipment/Software)	\$ 473,647	\$ 477,509	\$ 491,834	\$ 1,095,634	\$ 1,095,634	\$ 1,095,634	\$ 1,095,634	\$ 1,095,634		
m. General and Administrative	\$ 564,855	\$ 1,116,844	\$ 1,150,349	\$ 1,359,578	\$ 1,412,266	\$ 1,466,354	\$ 1,519,224	\$ 1,573,291		
n. Property Taxes	\$ 49,118	\$ 113,182	\$ 116,577	\$ 118,909	\$ 123,665	\$ 131,085	\$ 141,572	\$ 155,729		
o. Purchased Services	\$ 461,609	\$ 393,076	\$ 411,944	\$ 903,240	\$ 953,654	\$ 1,014,780	\$ 1,079,606	\$ 1,157,925		
TOTAL OPERATING EXPENSES	\$ 13,478,770	\$ 12,253,351	\$ 12,799,283	\$ 19,719,807	\$ 20,826,103	\$ 21,992,493	\$ 22,936,107	\$ 23,921,570	\$ -	\$ -
3. INCOME										
a. Income From Operation	\$ (1,517,610)	\$ 1,961,005	\$ 2,418,606	\$ 3,594,152	\$ 4,011,774	\$ 4,433,629	\$ 5,041,541	\$ 5,682,494	\$ -	\$ -
b. Non-Operating Income	\$ 1,768,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
SUBTOTAL	\$ 250,561	\$ 1,961,005	\$ 2,418,606	\$ 3,594,152	\$ 4,011,774	\$ 4,433,629	\$ 5,041,541	\$ 5,682,494	\$ -	\$ -
c. Income Taxes	\$ 142,579	\$ 105,271	\$ 207,126	\$ 1,006,363	\$ 1,123,297	\$ 1,241,416	\$ 1,411,632	\$ 1,591,098		
NET INCOME (LOSS)	\$ 107,982	\$ 1,855,734	\$ 2,211,480	\$ 2,587,790	\$ 2,888,477	\$ 3,192,213	\$ 3,629,910	\$ 4,091,396	\$ -	\$ -
4. PATIENT MIX										
a. Percent of Total Revenue										
1) Medicare	11.0%	9.0%	10.0%	6.8%	6.7%	6.7%	6.7%	6.7%		
2) Medicaid	72.0%	78.0%	70.0%	73.2%	73.3%	73.3%	73.3%	73.3%		
3) Blue Cross	1.0%	1.0%	5.0%	4.2%	4.2%	4.2%	4.2%	4.2%		
4) Commercial Insurance	5.0%	3.0%	5.0%	6.1%	6.1%	6.2%	6.2%	6.2%		

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
	2021	2022	2023	2024	2025	2026	2027	2028		
5) Self-pay	1.0%	1.0%	1.0%	2.3%	2.3%	2.3%	2.3%	2.3%		
6) Other	10.0%	8.0%	9.0%	7.4%	7.4%	7.4%	7.3%	7.3%		
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

TABLE H. REVENUES & EXPENSES, INFLATED - ENTIRE FACILITY

INSTRUCTION: Complete this table for the entire facility, including the proposed project. Table H should reflect inflation. Projected revenues and expenses should be consistent with the projections in Table F. Indicate on the table if the reporting period is Calendar Year (CY) or Fiscal Year (FY). In an attachment to the application, provide an explanation or basis for the projections and specify all assumptions used. Applicants must explain why the assumptions are reasonable.

Indicate CY or FY	Two Most Recent Years (Actual)		Current Year Projected	Projected Years (ending at least two years after project completion and full occupancy) Add columns if needed in order to document that the hospital will generate excess revenues over total expenses consistent with the Financial Feasibility standard.						
	2021	2022	2023	2024	2025	2026	2027	2028		
b. Percent of Equivalent Inpatient Days										
Total MSGA										
1) Medicare	11.0%	9.0%	10.0%	6.9%	6.8%	6.8%	6.8%	6.8%		
2) Medicaid	72.0%	78.0%	70.0%	73.1%	73.2%	73.2%	73.2%	73.2%		
3) Blue Cross	1.0%	1.0%	5.0%	4.2%	4.2%	4.2%	4.2%	4.2%		
4) Commercial Insurance	5.0%	3.0%	5.0%	6.1%	6.1%	6.1%	6.1%	6.1%		
5) Self-pay	1.0%	1.0%	1.0%	2.3%	2.3%	2.3%	2.3%	2.3%		
6) Other	10.0%	8.0%	9.0%	7.4%	7.4%	7.4%	7.4%	7.4%		
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%

TABLE L. WORKFORCE INFORMATION

Therapist - DJS											
Total Direct Care				39.50		\$2,357,650					
Support Staff <i>(List general categories, add rows if needed)</i>											
						\$0					
Finance Staff				2.00	\$55,000	\$110,000					
Reception/Assistant/Clerical				2.50	\$35,000	\$87,500					
UR/Billing				2.00	\$55,000	\$110,000					
HIM/Medical Records				1.00	\$47,000	\$47,000					
Patient Services/Accounts				2.00	\$40,000	\$80,000					
Purchasing /Materials Management				0.50	\$50,000	\$25,000					
Lab Staff											
Drivers											
IT											
Maintenance											
Total Support				10.00		\$459,500					
REGULAR EMPLOYEES TOTAL				50.50		\$2,957,150					
2. Contractual Employees											

TABLE L. WORKFORCE INFORMATION

Administration (List general categories, add rows if needed)										
Medical Director				0.50	\$115,000	\$57,500				
						\$0				
						\$0				
						\$0				
						\$0				
Total Administration				0.50		\$57,500				
Direct Care Staff (List general categories, add rows if needed)										
Psychologist				0.50	\$85,000	\$42,500				
Psychiatrist				2.00	\$380,000	\$760,000				
Infection Control / Health & Safety				0.50	\$63,000	\$31,500				
Clinical Psychiatrist Director						\$0				
Physicians						\$0				
Nurse Practitioner				1.00	\$135,000	\$135,000				
Dietician/Nutritionist				0.50	\$60,000	\$30,000				
Total Direct Care Staff				3.00		\$999,000				
Support Staff (List general categories, add rows if needed)										
Security				7.20	\$39,500	\$284,400				
Physical Plant Management / Maintenance				1.00	\$39,000	\$39,000				
Dietary/Food Service				2.00	\$40,000	\$80,000				
Professional Services						\$0				
Teacher/Tutor				1.00	\$100,000	\$100,000				
Janitorial						\$0				
Total Support Staff				11.20		\$503,400				
CONTRACTUAL EMPLOYEES TOTAL				14.70		\$1,559,900				
Benefits (State method of calculating benefits below) :						\$621,002				
TOTAL COST				65.20		\$5,138,052				

EXHIBIT 31



Francis Awoyera & Associates, P.C.

Certified Public Accountants & Management Consultants

7600 Georgia Avenue, NW • Washington DC 20012 • Suite 302 • Tel: 202-723-1269 • Fax: 202-723-1639

**HOPE HEALTH SYSTEMS, INC.
&
HOPE HEALTH PROPERTIES LLC.
COMBINED AUDITED FINANCIAL STATEMENTS**

December 31, 2022

HOPE HEALTH SYSTEMS, INC. & HOPE HEALTH PROPERTIES LLC.

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Francis Awoyera & Associates, PC.

Certified Public Accountants & Management Consultants

7600 Georgia Avenue, NW • Washington DC 20012 • Suite 302 • Tel: 202-723-1269 • Fax: 202-723-1639

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope Health Systems, Inc.
6707 Whitestone Road Suite 106
Baltimore, MD 21207

We have audited the accompanying financial statements of Hope Health Systems, Inc & Hope Health Properties LLC., which comprises the balance sheet as of December 31, 2022, and the related income statement and statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether statements are free from material misstatement.

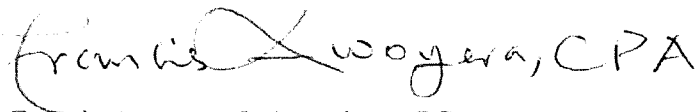
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Health Systems, Inc. & Hope Health Properties LLC, as of December 31, 2022, Income Statement and Statement of cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. There are no other matters related to the financial statements as a whole that need presentation for purposes of additional analysis.

A handwritten signature in black ink that reads "Francis Awoyera, CPA". The signature is written in a cursive style with a large, stylized initial 'F'.

Francis Awoyera & Associates, PC
Washington, District of Columbia
September 9th, 2023

Hope Health Systems, Inc and Hope Health Properties LLC
December 31, 2022
Balance Sheet

	2022
Assets	
Current Assets	
Cash and cash equivalents	\$ 30,795
Patient Account Receivable	173,006
Prepaid assets	44,142
Deposit and Others	900
Other Receivables	802,436
Total Current Assets	989,689
Other Assets	944,192
Due from Affiliates	(708,046)
Fixed Assets	4,405,986
Total Assets	<u>5,631,821</u>
 Liabilities and Members Deficit	
Current Liabilities	
Accounts payable	\$ 2,942,124
Accrued compensation	380,520
Income Taxes Payable	10,000
Lines of Credit	360,658
Current Portion of Long-Term Debt	1,425,804
Current Portion of Capital Leases	93,821
Total Current Liabilities	5,212,928
Long Term Liabilities	
Capital Lease Payable-Long Term	250,691
Due to Affiliates	750,000
Long Term Debt	1,189,351
Total Long Term Liability	2,190,042
Total Liabilities	7,402,969
Total Members Deficit	(1,771,148)
Total Liabilities and Members Deficit	\$ <u>5,631,821</u>

Hope Health Systems, Inc and Hope Health Properties LLC

December 31, 2022

Statement of Income and Retained Earnings

2022

Revenue

Net Patient Service Revenue

Revenue \$ 14,673,506

Total Net Patient Service Revenue 14,673,506

Expense

Salaries & Wages 8,570,357

Employee Benefits & Payroll Taxes 1,121,388

Contractual and Purchased Services 1,786,348

Supplies 290,506

Repairs and Maintenance 230,668

Utilities 182,143

Lease Expenses 481,145

General Administrative 1,166,508

Bad Debt Expenses 28,442

Depreciation 136,873

Amortization 2,800

Interest Expense 390,639

Total Expense 14,387,817

Provision for Income Taxes 201,936

Net Income 83,754

Beginning Retained Earnings (1,854,902)

Ending Retained Earnings (1,687,395)

Hope Health Systems, Inc and Hope Health Properties LLC
Statement of Cash Flows

January - December 2022

	Total
OPERATING ACTIVITIES	
Net Income	\$ 83,753.51
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	(1,776,942)
Net cash provided by operating activities	(1,693,188)
INVESTING ACTIVITIES	
Net cash provided by investing activities	(341,776)
FINANCING ACTIVITIES	
Opening Balance Equity	1048492.00
Retained Earnings	<u>(1,048,492)</u>
Net cash provided by financing activities	1835288.11
Net cash increase for period	(199,676)
Cash at beginning of period	<u>168881.40</u>
Cash at end of period	<u><u>30,795</u></u>
 Supplemental Disclosure of Cash Flow Information	
Cash paid for Interest	\$ 390,639

Hope Health Systems, Inc and Hope Health Properties LLC
Statement of Member's Deficit

January - December 2022

Balance-January 1 2022, As restated	\$	-2,161,055
Adjustment		306,153
Net Income		<u>83,754</u>
Balance- December 2022		<u>1,771,148</u>

HOPE HEALTH SYSTEMS, INC. & Hope Health Properties LLC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Hope Health Systems, Inc. (HHS) is a profit entity that caters to individuals who are experiencing mental illness. The company was incorporated in the State of Maryland in 1999.

The Corporation is licensed by Department of Health and Mental Hygiene. The Office of Health Care Quality, Community Health Services Unit, approves HHS as an Outpatient Mental Health Clinic. The foundation of Hope Health Systems is built on helping individuals and families to have a normal life and become productive citizens in the community.

BASIS OF ACCOUNTING

Hope Health Systems, Inc. prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenue and related assets are recognized when earned and expenses and related liabilities are recognized when the obligations are incurred. Accordingly, the financial statements reflect all significant payables and liabilities.

Cash and Cash Equivalents

Companies consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash Equivalents amounted to \$30,795 as of December 31, 2022.

Patients Accounts Receivable

The realm of patient accounts receivable embodies the financial obligations held by individuals in response to the noble services extended by HHS. These receivables are meticulously documented, bearing their original invoice value, albeit thoughtfully adjusted to accommodate a prudent assessment of doubtful receivables. HHS, guided by the sagacious discernment of its management, judiciously endows an allowance for doubtful accounts, adopting the venerable allowance method.

Notably, patients are not enjoined to proffer collateral for the medical beneficence they receive. Instead, a swift obligation awaits them upon the presentation of the invoice, a token of gratitude for the invaluable care bestowed upon them. This astute allowance is sculpted from the annals of historical experience, drawing wisdom from past encounters.

In a somber moment of fiscal responsibility, patient accounts receivable is regrettably expunged from the ledger when their collectability is rendered improbable. Conversely, when the benevolent grace of remittance graces these accounts once deemed lost, their resurrection is artfully documented in the annals of financial stewardship.

Patient Services Revenue 1

Patient services revenue is reported at the amount that reflects the consideration to which HHS expects to be entitled in exchange for providing patient services and care. Patient services include outpatient mental, behavioral, and substance abuse health care services on the combined statements of operations. These amounts are due to patients. Generally, HHS bills the patients' business daily for services as the services are rendered. Performance obligations are determined based on the nature of the services provided by HHS. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. HHS believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services within the facility or patients receiving services outside of the facility. HHS measures the performance obligation from the commencement of services to the point when HHS is no longer required to provide services to that patient, which is generally at the time of discharge or termination of the patient contract.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the patients and HHS does not believe it is required to provide additional goods or services related to that sale. HHS determines the transaction price based on standard charges for goods and services provided, reduced by implicit price concessions provided to patients. HHS determines its estimate of implicit price concessions based on its historical collection experience. HHS recognizes the majority of its revenue over a period of time from its patients based on fees for services performed.

Revenue recognized due to changes in its estimate of implicit price concessions and discounts were not considered material for the year ended December 31, 2022. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as provisions for uncollectible accounts and were not considered material for the year ending December 31, 2022.

A majority of HHS revenue is reimbursed on a contractual basis and HHS is reimbursed by ACH and private paychecks. The composition of patient care service revenue based on its service lines is as follows for the year ending December 31, 2022:

By Service Line:	
Expanded School-Based Mental Health	\$7,627,478
Department of Juvenile Services	3,183,707
MHM, Inc. Contract & Outreach Elderly	287,615
Outpatient Services	<u>919,733</u>
Total Net Patient Service Revenue	<u>\$12,108,533</u>

The opening and closing balances in Patient Accounts Receivable were as follows:

Balance as of January 1, 2022	284,097 \$
Balance as of December 31, 2022	173,006

Financing Component

HHS has elected the practical expedient allowed under FASB Accounting Standards Codification (ASC) 606-10-32-18 and does not adjust the promised amount of consideration from patients for the effects of a significant financing component due to HHS's expectation that the period between the time the service is provided to a patient and the time that the patient pays for that service will be one year or less.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Costs

HHS has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that HHS otherwise would have recognized is one year or less in duration.

Other Operating Revenue

HHS derives other income primarily from non-patient services. HHP rent revenue from HHS eliminates in the combined financial statements.

Income Taxes

HHS is a for-profit corporation that estimates its tax liability. HHP is a single member limited liability company and, as such, is considered disregarded for federal and state income tax purposes and is not subject to income tax. Both HHS and HHP are 100% owned by a single individual/member.

Management has evaluated the Companies' tax positions and concluded that the Companies have taken no uncertain tax positions that require adjustment to the combined financial statements. The Companies are subject to income tax examinations by the U.S. federal, state, or local tax authorities for the years 2019, 2020, and 2021. The company has not filed its 2022 Tax return.

Recently Issued Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). These new standards increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Management is evaluating the potential impact of these changes on the Companies' combined financial statements.

Valuation of Long-Lived Assets

Companies review long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset, plus the deferred revenue related to patient contracts to be recognized in the future, to future undiscounted net cash flows expected to be generated by the asset. If such assets are impaired, the impairment to be recognized is measured by the amount of which the carrying amount of the asset exceeds the estimated fair value of the asset. No impairments have occurred to date.

Goodwill

On December 31, 2022, Goodwill is \$28,000 with accumulated amortization of \$14,000. Goodwill arose from HHP's acquisition of 2605 Bannister Road, Woodlawn, Maryland. HHP elected the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-18, *Business Combinations (Topic 805): Accounting for identifiable Intangible Assets in a Business Combination*, which allows private companies an election in which it does not have to separately recognize certain intangible assets from goodwill. Goodwill represents the excess of the purchase price over the fair value of the assets obtained, including the identifiable intangibles, less liabilities assumed. The goodwill is presented at cost, net of accumulated amortization. In accordance with FASB ASU 2014-02, *Intangibles, Goodwill and Other (Topic 350): Accounting for Goodwill*, goodwill is amortized over 10 years and only tested for impairment when there is a triggering event. The assessment of triggering events is made annually

and at the entity level. Amortization expense related to Goodwill was \$2,800 for the year ended December 31, 2022.

Note 2: Property and Equipment

Property and equipment acquired in business combinations are recorded at fair value at the date of acquisition. Additions are recorded at cost. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. The Companies' policy is to capitalize expenditures for major improvements. Maintenance and repairs are charged for operations. Estimated useful lives are 20 to 40 years for buildings, 20 years for leasehold improvements, 5 to 10 years for furniture and fixtures, and 3 to 5 years for computer hardware and software.

PROPERTY AND EQUIPMENT

Property and equipment on December 31, 2022, consist of the following:

	2022
Buildings	\$ 3,770,431
Leasehold Improvements	1,234,621
Equipment and Furnishings	602,334
Software	228,255
Total Property and Equipment	<u>5,835,641</u>
Less: Accumulated Depreciation	<u>(1,429,655)</u>
Property and Equipment, Net	<u>\$ 4,405,986</u>

NOTE 3 OTHER ASSETS

Other assets on December 31, 2022, consist of the following:

	2022
Goodwill	\$ 14,000
Peju's Kitchen	480,573
Agape Health Systems	663,290
Security Deposit	11,259
Hope Health Properties	25,070
HHP Banister Road Bldg Reimbursement investment	750,000
	<u>(1,000,000)</u>
Total Other Assets	<u>\$ 944,192</u>

The 100% owner of HHS and HHP and is an 80% owner of Peju's Kitchen, a restaurant, and 100% owner of Agape Health Systems, a primary care clinic.

NOTE 4 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Companies to concentrations of credit risk consist principally of cash and cash equivalents. Companies regularly maintain amounts on deposit with various financial institutions in excess of that insured by the FDIC.

NOTE 5: LINES OF CREDIT

Truist Loan 2

On May 10, 2018, HHS entered into a \$250,000 loan with Truist Bank (Truist Loan 2) that operates as a revolving line of credit where advances under the loan may be requested orally or in writing. It is interest-only paid monthly at 4.100% interest rate. All principal was to be paid in full by May 29, 2023, the agreement maturity (See Note 10). The Truist Loan 2 is secured by lien on all cash, investments, and equipment.

Aquina Accounts Receivable Credit Line

On August 25, 2022, HHS entered into a note based on the patient receivables outstanding that allowed access to up to \$307,455 in funding (Aquina Credit Line). Repayment, including principal and interest, is made weekly. The effective annual interest rate is 6.000%. All principals must be paid in full by May 2023. The Aquina Credit Line is secured by line on patient receivables.

Lines of Credit as of December 31, 2022 consisted of the following:

Truist Loan 2	
Aquina Patient Receivables Credit Line	111,600
Total Lines of Credit	<u>249,058</u>
	<u>360,058</u>

NOTE 6 LONG-TERM DEBTS

STATE OF MARYLAND DEPARTMENT OF HEALTH ADVANCE LOAN

In 2020 HHS received \$1,502,431 from the Maryland Department of Health for an Advance Pay loan (MDH Loan). All principals must be repaid in full by December 31, 2023, with interest at 0.000% paid monthly. Beginning February 2023, HHS must pay a principal of at least \$10,000 per month until the final principal payment of \$1,392,431 on December 31, 2023. The MDH Loan is an unsecured Loan 1. On May 10, 2018, HHP entered into a \$750,000 note payable with Truist Bank (Truist Loan 1). Payments including principal and interest are, from June 10, 2018, to April 10, 2023, monthly payments of \$4,583, and, on May 29, 2023, a last payment of \$673,568 was owed. (See Note 10). The effective interest rate is 5.370%. Truist Loan 1 is secured by line on the HHP building at 6707 Whitestone Road, Woodlawn, Maryland.

SBA DISASTER COVID-19 ECONOMIC INJURY LOAN

On June 30, 2020, HHS entered into a \$150,000 Disaster COVID-19 Economic Injury loan, with the U.S. Small Business Administration. (SBA Loan). It is interest-only paid monthly at 3.750% interest rate. All principals must be paid in full by June 27, 2050. The SBA Loan is secondary in collateral to Truist Loan 1, Truist Loan 2, and Truist Promissory Note. Truist Promissory Note

On May 10, 2018, HHP entered into a \$2,720,000 promissory note payable to Truist Bank (Truist Promissory Note). Monthly payments are interest-only for the first six months and include principal and interest \$16,778 from December 10, 2018, to April 10, 2023, and a last payment of \$2,465,799 was owed on May 29, 2023 (See Note 10). The effective annual interest rate is 5.370%. The Truist Promissory Note is secured by lien on the HHP building at 2605 Bannister Road, Woodlawn, Maryland.

NOTE 6 LONG-TERM DEBTS (CONTINUED)

PPP Loan

On January 27, 2022, HHS received \$1,768,170 on a PPP loan maturing five years from the date of the first disbursement, bearing interest at a rate of 1.00% per annum, and any unpaid principal and accrued interest will be due on maturity ("PPP Loan"). On December 14, 2022, the entire balance PPP Loan was forgiven under the terms of the PPP.

The U.S. Small Business Administration (SBA) may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the HHP's financial position.

Long-term debt as of December 31, 2022 consisted of the following:

MDH Loan	1,502,431 \$
Truist Loan 1	694,357
SBA Loan	150,000
Truist Promissory Note	2,528,493
Total Long-Term Debt	4,875,281
Less: Current Portion of Long-Term Debt	(3,222,851)
Total Long-Term Debt, Less Current Portion	1,652,430 \$

Future maturities of all long-term debt for the next five years and thereafter are as follows:

Note 7: LEASES

Capital Leases

HHS has entered into capital lease agreements for vehicles, furniture and HVAC. As of December 31, 2022, the gross amount of capital lease asset and related accumulated depreciation recorded under the leases is as follows:

Vehicle, Furniture, HVAC	\$ 602,334
Less: Accumulated Depreciation	(517,080)
Total	<u>\$ 85,254</u>

Scheduled payments on capital lease obligations on December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 95,598
2024	87,183
2025	84,860
2026	73,242
Thereafter	<u>42,725</u>
Total Minimum Future Lease Payments	\$ 383,608
Less: Amount Representing Interest)	<u>(78,932)</u>
Present Value of Net Minimum Lease	<u>304,676</u>
Less: Current Portion	<u>(93,821)</u>
Long-Term Portion	<u>\$ 210,855</u>

Operating Leases

HHS leases property and equipment under non-cancellable agreements. HHS's operating leases are primarily for real estate, including off-campus outpatient facilities, medical office buildings and corporate and other administrative offices, as well as medical and office equipment. HHS's finance leases consist of a real estate lease and several medical equipment leases. Real estate lease agreements typically have initial terms of five to ten years and equipment lease agreements typically have initial terms of three years.

Future maturities of operating leases on December 31, 2021 are presented in the following table:

<u>Year Ending December 31, Amount</u>	
2023	\$ 75,648
2024	38,303
2025	24,363
Total	\$ 138,314

HHS Rent Agreement with HHP

HHS rents medical office and outpatient facilities from HHP. In the year 2022, HHS expensed and paid HHP \$204,000, which is eliminated in the combined financial statements. The rental agreement automatically renews annually, and on December 31, 2022, the monthly rent was \$17,000.