

Order Confirmation

Not an Invoice

Account Number:	722824
Customer Name:	Strategic Care Solutions, LLC
Customer Address:	Strategic Care Solutions, LLC 92 Montvale AVE # 2300 Stoneham MA 02180-3638
Contact Name:	Tiffany Freeman
Contact Phone:	7812139099
Contact Email:	
PO Number:	

Date:	07/05/2022
Order Number:	7501261
Prepayment Amount:	\$ 0.00

Column Count:	1.0000
Line Count:	1.0000
Height in Inches:	0.0000

Print

Product	#Insertions	Start - End	Category
NEO wickedlocal.com	1	07/08/2022 - 07/08/2022	Public Notices
NEO MET Daily News	1	07/08/2022 - 07/08/2022	Public Notices

Total Order Confirmation	\$334.50
---------------------------------	-----------------

Ad Preview

LEGAL NOTICE
PUBLIC NOTICE
CONCERNING A
PROPOSED HEALTH
CARE PROJECT
Wayland Nursing &
Rehabilitation Center

Wayland Nursing & Rehabilitation Center, located at 188 Commonwealth Avenue, Wayland, Massachusetts, intends to file a Determination of Need Application with the Department of Public Health to construct a new, twenty-two (22) bed addition along with making extensive renovations to the existing 40 bed facility, including necessary infrastructure changes such as a new septic system. The new addition will be 8,000 gross square feet (GSF) and the existing renovated facility will be 13,066 (GSF). All patient rooms in the renovated existing facility and the 22-bed addition will be private and semi-private to comply with the state's De-densification requirements, which prohibit nursing facilities from having residents in three and four-bedded rooms. The Proposed Project will be licensed for 52 skilled nursing facility beds, 40 existing beds and 12 additional beds under the facility's one-time regulatory allowance.

The maximum capital expenditure (MCE) for this Proposed Project is \$8,262,515 (July 2022 dollars). The Applicant does not anticipate any price or service impacts on the Applicant's existing patient panel because of the application. Residents in the existing facility will be minimally impacted by the renovations and additional construction.

Any ten taxpayers of Massachusetts may register in connection with the intended application no later than August 22, 2022, or 30 days from the filing date, whichever is later, by contacting the Department of Public Health Determination of Need Program, 250 Washington Street, 4th Floor, Boston, MA 02108 or DPH.DON@state.ma.us (preferred)

AD# 7501261
DN: 7/08/2022

Vendor	Vendor ID	Date	Check Number		
Commonwealth of Massachusetts	Commonwealth of	03/16/2022	017095		
Mamary Funding, LLC	Invoice Number	Date	Voucher Number	Description	Paid Amount

Mamary Funding, LLC
42 Winter Street Unit 1
Pembroke, MA 02359

M&T Bank
327 Great Oaks Blvd
Albany, NY 12203-5971

10-4/220

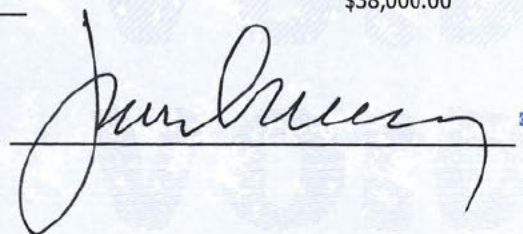
Mar 16, 2022	017095
<small>DATE</small>	<small>CHECK NO.</small>

Pay Thirty Eight Thousand Dollars And 00 Cents

\$38,000.00

to the Order of:

Commonwealth of Massachusetts
1 Ashburton Place
Boston, MA 02108



**ANALYSIS OF THE REASONABLENESS OF
ASSUMPTIONS USED FOR AND FEASIBILITY OF
PROJECTED FINANCIALS OF:**

**ROYAL WAYLAND NURSING HOME, LLC DBA
ROYAL WAYLAND NURSING & REHABILITATION CENTER**

**FOR THE YEARS ENDED
DECEMBER 31, 2025 - DECEMBER 31, 2029**

**ROYAL WAYLAND NURSING HOME, LLC DBA
ROYAL WAYLAND NURSING & REHABILITATION CENTER
CONTENTS**

Introduction.....	1
Executive Summary	1
Historical Information.....	2
Proposed Project	3
Report Scope.....	3
Sources/Documentation Used	3-4
Verifications.....	4-5
Revenues	5-6
Expenses.....	6
Capital Expenditures and Cash Flows.....	7
Feasibility.....	7
Contact Information / Sign-off	8

October 13, 2022

James Mamary
President/CEO
Royal Nursing Center, LLC
Hanover, Massachusetts 02339

Re: Analysis of Determination Feasibility

Dear Mr. Mamary:

Based upon information provided by Management, we have performed an analysis of the proposed financial projections (the “Projections”) for Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center (“Center/Management”) detailing the projected operations of the Center. The intent of this report is to detail our analysis and related findings in-order-to determine the reasonableness and feasibility of the assumptions used in the preparation the Projections outlined in the Center’s Determination of Need (“DoN”) Application and prepared by the management of Strategic Care Solutions (SCS) on behalf of Royal Wayland Nursing Home, LLC. This report is to be used by Management in-order-to submit their DoN Application – Factor 4(a) and should not be distributed or relied upon for any other purpose.

Executive Summary

The intent of the forthcoming information is to provide analysis of the five (5) year financial projections prepared by SCS for the DoN applicant Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center. These projections were prepared for the calendar years ended 2025 through 2029. We did not audit the information presented herein and therefore do not intend to represent an opinion. We will identify the reasonableness and feasibility of such information relating to the proposed project and the impact to future operations of the Center.

Additionally, this analysis is intended to comply with 105 CMR Section 100.210(4). Our analysis has determined an aggregate operating Earnings Before Interest, Taxes, Depreciation and Amortization (EBIDTA) of Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center and for the previously mentioned five-year period. Our analysis has identified that based upon the information, support and assumptions used to prepare the five-year financial projections, the operating results are reasonable. Hence, the implementation of this said project meets our expectation of feasibility and will not cause or reduce the over-all financial performance of the facility.

Historical Information

Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center, was purchased by the Royal Health Group in 2017. The facility is the only skilled nursing facility located in Wayland, is 20 miles west of Boston in Middlesex County and operates as a 40 bed licensed skilled nursing facility. Currently and as direct result of the age of the facility, the primary population served are Medicaid residents (approximately 80%). The facility is unique and specializes in providing Memory Care/Alzheimer's Disease or related Dementias. We are to understand that the 40 beds are in a secure Dementia Special Care Unit (DSCU) and serve primarily a geriatric population. The unit meets all Massachusetts state licensing regulations for the care of residents with dementia in a secure locked environment and is re-certified annually.

The building is a single story structure comprised of a 26,356 square feet facility, which was constructed in 1966 and is comprised of one 40-bed unit. The bed configuration is as follows: four (4) private rooms, eight (8) semi-private rooms, and five (5) quadruple rooms. The state's new De-Densification Licensure Requirements, which will prohibit nursing facilities from placing residents in three and four-bedded rooms, would reduce the facility's allowable bed capacity by 10 beds. In addition to a 30-bed unit being inefficient, the unit would not be able to accommodate the demand for admissions.

To comply with the De-Densification Requirements, the proposed project plans to construct additional rooms to the campus and renovate the existing building. The proposed project plans to add 12 beds to the current licensed 40 beds. This conservation project will cover 35,422 square feet between additional rooms being added and renovations on the existing building. The renovation of 40 existing licensed beds along with the additional 12 licensed beds would total 52 licensed beds to serve the specialized current resident population. Beds for Memory Care will be certified as a Dementia Special Care Unit (DSCU).

Despite admission limitations from COVID-19, the facility has been able to maintain an occupancy rate of approximately 85%. This rate is attributable to management's attention to infection control. Resident and staff COVID vaccination rates are above the national and state averages, per Care Compare. Another example infection control safety measures involves their initiative to improve air quality in the facility. The upgrade of the installation of a state-of-the-art air purification system Needlepoint Bipolar Ionization (NPBI) installed in the air handler system in February 2021 provides additional protection to residents, staff, and family members.

To follow through on the facility's success with handling COVID exposure, the expanded and renovated facility will be designed to ensure infection control measures/features are incorporated into the design. All private rooms will assist with isolation/quarantine needs and are clearly the preferred choice of residents and family members. Private rooms assist with adjustment to the environment, along with increased satisfaction and comfort.

The Proposed Project

The project will include the renovation and expansion of the current forty (40)-bed facility, which includes the addition of twelve (12) beds. These additions will create additional employment opportunities for clinical nursing staff hired to work at Wayland and surrounding communities as well as meet the needs of the community. This project will also remove all four-bedded rooms, which, is required under de-densification. The expanded and renovated facility will have fifty-two private bedrooms. Additionally, it is worth noting, the Wayland Community is one of the most affluent communities in the Boston area, hence supporting a completely private room facility.

Report Scope

The scope of this report is limited to the analysis of the five-year financial projections and supporting documentation for Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center for the calendar years ended 2025 through 2029 (the “Projections”), prepared by SCS on behalf of Management, along with the underlying assumptions. These projections and underlying assumptions will be limited to reasonableness meaning they will be supportable and identifiable based on support. Since the specified regulations identify the feasibility of the said project, we infer this to financial practicality, which will not adversely impact the overall future financial performance or erode the asset value of the Center.

It is important to note we have not performed a valuation of the Center nor have we audited the financial information prepared by management and/or their representative. Therefore, this report does not express an opinion or provide assurance on results projected for Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center. Such projections were prepared based upon management’s assumption and available information as of a point in time. Therefore, the timing of such assumptions and information used to prepare the projections if changed could have a substantial impact on the results of the said projections.

Sources/Documentation Used

Our analysis is based upon information and conclusions prepared and produced by management and their representative (SCS). In order to prepare our analysis we relied on the following information:

- Financial projections for Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center for the periods ended December 31, 2025 through December 31, 2029 with assumptions;
- Draft Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center application form for DoN application prepared by SCS;
- Capital expenditures estimated and provided by Cutler Associates;
- Cost estimates and square footage calculations
- Scope of work identified by Cutler Associates and Management;

Sources/Documentation Used (Continued)

- Historical and current payor mix information and financial records vs projections and assumptions;
- IBISWorld Industry Report, Nursing Care Facilities in the US, dated July 2021 and
- RMA Annual Statement Studies, published by Risk Management Associates.

Verifications

The forthcoming information is intended to provide the reader with a level of reasonableness of the assumptions used and the feasibility of the said financial projections. Additionally, this analysis intends to address key elements identified by section 105 CMR 100.210 (4) specifically relating to; “past and present operations of the Center, capital budgets, balance sheet(s), projected cash flow statements, proposed levels of financing of the project inclusive of the five-year financial sustainability analysis and other relevant information”. Please consider the following key metrics as defined below, which compares operating results of the projections to market information from IBIS World Industry Report and RMA Annual Statement Studies (“RMA”) to assess the reasonability on the projections.

Key Financial Metrics	Financial Projections					RMA Annual Statement Studies	IBIS World Industry Report
	2025	2026	2027	2028	2029		
Profitability Factors							
Operating Margin (%)	0.4%	4.8%	6.5%	8.1%	10.1%	4.0%	N/A
EBITDA (\$)	\$ 32,288	\$ 364,547	\$ 508,382	\$ 657,758	\$ 848,314	N/A	N/A
Liquidity							
Current Ratio (x)	0.53	0.79	1.03	1.53	2.28	1.00	1.20
Days Available Cash/Investment on Hand (#)	7.33	21.95	20.47	28.01	61.86	N/A	40.50
Operating Cash Flow Margin (%)	0.5%	4.8%	6.5%	8.2%	10.1%	3.8%	21.3%
Solvency							
Shareholders' Equity (\$)	\$ (3,112,801)	\$ (2,749,996)	\$ (2,243,390)	\$ (1,587,445)	\$ (740,980)	N/A	N/A

NOTE: Due to the operations being charged rent expense, there is not debt reported on the operations of Royal Wayland Nursing Home, LLC. Therefore, debt related ratios are not calculated.

(1) Information was taken directly from RMA Annual Statement Studies, published by Risk Management Associates for 2021.

(2) Information was taken directly from IBISWorld Industry Report, Nursing Care Facilities in the US, dated July 2021.

The key financial metrics fall into three primary categories: profitability, liquidity, and solvency. Profitability metrics are used to evaluate how efficient resources are being utilized by management. Liquidity metrics, including ratios such as the current ratio, measure the quality and adequacy of liquid assets to meet current obligations as they come due. Solvency metrics measure the company's ability to take on and service debt obligations. However, this category only shows the shareholders' equity as the operations of Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center pays rent to the realty company where the debt and capitalized project is recorded. Additionally, certain metrics can be applicable to multiple categories. The table below shows how each of the Key Metrics is calculated.

Verifications (Continued)

In order to draw analysis and feasibility of the above ratios, it is important to understand how they are calculated. See the below table which shows how each key financial metric is calculated.

Operating Margin	Represents the operating income / by total revenues
EBITDA	Is defined as Earnings Before Interest, Taxes, Depreciation and Amortization
Current Ratio	Current Assets /Current Liability
Days Available Cash/Investment	Unrestricted Cash/daily expenses (excluding Depreciation / Amortization)
Operating Cash Flow	EBITDA / total net revenue
Shareholders' Equity	Total Shareholders' equity

In order to identify the reasonableness of prepared financial projections we analyzed four (4) major components based on 105 CMR 100.210, which are as follows:

- 1) Revenues
- 2) Expenses
- 3) Capital Expenditures and Prosed Project Financing
- 4) Feasibility

1) Revenues

To determine the reasonableness of the revenue calculation it is imperative to gain an understanding of the related payor mix (class of revenue), supporting information for payment rates and the intended patient occupancy while taking into considerations the impacts of the COVID-19 pandemic.

Reimbursement Rates

Based upon our analysis we have determined that management has calculated projected revenues based on historical information, current available reimbursement rates and/or known / expected changes to commercial and governmental reimbursement rates.

Payor Mix

Our analysis determined Management's intent to attract more patients upon completion of the project having fifty-two private rooms, specifically within private pay, Medicare and managed care payor sources. Management has determined that all private rooms compared to that of previously having majority semi-private and four-bedded rooms will attract more private pay residents. The increase in these payor sources produce greater reimbursement rates than compared to the Medicaid payor rate. Management is expecting an overall increase in occupancy from 90% to 92% through the five-year projection, which begins with the year subsequent to the first full year of operations. The Center plans to market the building as well in-order-to attract a more favorable payor mix. The budget illustrates a steady reasonable increase in overall occupancy and shift in payor mix for the five-year period from 2025 through 2029.

1) Revenues (Continued)

Occupancy

The impacts of the COVID-19 pandemic and the direct care staffing shortage have been two of the largest driving forces in growing and maintaining occupancy. Prior to COVID-19 the Center's overall occupancy rate with the semi-private and four-bedded rooms was 82%. There are a limited number of skilled nursing facilities in the same area of the Center, which would make Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center a prime location for admitting residents. Upon completion of the said project, Management determined that the result of eliminating all semi-private and four-bedded rooms would project the following occupancy rate and payor mix as depicted below:

	Pre-COVID-19	Post-Project	Change
Beds	40	52	--
Occupancy Rate	82%	92%	10%

In-order-to determine the reasonableness of the projected revenues, we reviewed the underlying assumptions determined by management. Based upon our review, the assumptions were based off historical data with adjustments to reimbursement rates, payor mix and occupancy percentages. Management's assumption took into consideration the shifting of the payor mix from Medicaid while increasing Private Pay, Medicare and managed Medicare due to the semi-private and four-bedded rooms being eliminated with the expansion and renovation of the facility. Based upon our analysis of the projected revenues, the growth, change in payor mix, occupancy increase and overall calculates a reasonable estimation of future revenues.

2) Expenses

We have performed a thorough analysis of each of the components used in the categorization of expenses in the projections and for the purpose of reasonableness and feasibility. In-order-to determine reasonableness, we reviewed the projected expenses in comparison to historical financial data provided by the Center and SCS, inflationary factors utilized and categorization of variable expenses versus fixed used to project the five-year period.

We compared the historical financial data utilized to create a base for the financial projections to that of the client's internal records to ensure the financial data used was accurate. The inflationary factors used ranges from 2% to approximately 2.25% depending on the type of expense. Due to the current conditions of excess inflation and staffing shortages, management expects expenses to increase steadily over the five-year period as the first year takes place in 2025.

3) Capital Expenditures and Cash Flows

Based upon the provided capital expenditures and cash flow analysis and projections prepared by Management/SCS, we have performed a review of such items in-order-to determine the feasibility to support ongoing/future operations along with the increase rent expense in relation the project costs for cash flow purposes.

Based upon our discussion with management and review of the projections, we have determined that management expects to spend \$8,262,515 to renovate the existing building and expand the building which, will add twelve additional beds while completely removing the three and four bedded rooms. Based upon the current construction market and details provided by the Cutler Associates we have determined the costs to construct appear reasonable.

In addition to analyzing the proposed capital expenditure and projections, we have evaluated the Center's ability to obtain necessary funding in or to complete construction. We noted that no term sheet for financing was provided in the DoN application. However, based upon the size of the proposed renovation and necessary cash flow needed to support the debt service we analyzed the assumptions within the financing of the project for reasonableness. The projected financing assumes a twenty-year amortization at an interest rate of five percent (5%). Based upon this review of these assumptions, the length of the loan and the interest rate appear reasonable. The additional principal and interest portion of these debt payments have been included in the increase in rent expense.

4) Feasibility

We performed a review of the financial projections and key metrics for Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center. Our analysis considered multiple sources of information including industry metrics and Management/SCS prepared financial projections. It is important to note Projections are based upon current trends and may not necessarily represent proposed reimbursement changes to the industry. These changes may have a material impact on individual future years, however, because of the historical financial performance of the Center, we believe they will not materially impact the financial performance of Royal Wayland Nursing Home, LLC DBA Royal Wayland Nursing & Rehabilitation Center.

Based upon the related financial information provided, the Projections illustrate a trend of continued increases in revenues and net for the five years from 2025 through 2029. Based upon our analysis of the relevant documentation provided and the projections prepared, we determined the anticipated operating margin is within reasonable expectation and based upon feasible financial assumptions. Accordingly, we determined that the Projections are reasonable and feasible, and not likely to have a negative impact on the patient panel or result in significant liquidation of assets of the Center.

James Mamary
Royal Wayland Nursing Home, LLC
October 13, 2022
Page 8

Should you have any questions concerning the above, please do not hesitate to contact me directly at (203)781-9632.

Very truly yours,

Marcum LLP

A handwritten signature in cursive script that reads "Timothy Mikita".

Timothy Mikita, CPA, MBA
Senior Manager