SELECTIS HEALTH, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/21/25 for the Period Ending 03/31/25

Address	8480 E. ORCHARD ROAD SUITE 4900 GREENWOOD VILLAGE, CO, 80111
Telephone	720-680-0808
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Symbol	GBCS
SIC Code	6798 - Real Estate Investment Trusts
Industry	Healthcare Facilities & Services
Sector	Healthcare
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT**

For the transition period from _______ to ______

Commission file number 0-15415

Selectis Health, Inc.
(Exact name of Registrant as specified in its Charter)

Utah	**87-0340206**
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification number
8480 E Orchard Rd, Ste 4900, Greenwood Village, CO	**80111**
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number: (720) 680-0808

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the last 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☒

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

As of May 19, 2025, the Registrant had 3,067,059 shares of its Common Stock outstanding.

INDEX

PART 1. FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements (Unaudited)

SELECTIS HEALTH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2025 Unaudited		December 31, 2024
ASSETS				
Current Assets				
Cash and cash equivalents	$	1,288,779	$	680,332
Accounts receivable, net		2,875,445		2,616,929
Prepaid expenses and other current assets		580,906		233,157
Total current assets		4,745,130		3,530,418
Long Term Assets:				
Restricted cash		736,919		711,634
Property and equipment, net		27,984,223		28,128,004
Goodwill		1,076,908		1,076,908
Total Assets	$	34,543,180	$	33,446,964
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Liabilities:				
Accounts payable and accrued liabilities	$	8,101,241	$	6,574,200
Dividends payable		68,100		53,100
Other current liabilities		400,000		-
Short-term debt, related parties		775,000		750,000
Line of credit		813,010		799,752
Current maturities of long-term debt, net of debt discount of $447,753 and $451,936, respectively		11,360,527		11,450,406
Total Current Liabilities		21,517,878		19,627,458
Long-term debt		19,006,227		19,132,862
Lease security deposit		100,300		96,900
Total Liabilities	$	40,624,405	$	38,857,220
Commitments and Contingencies				
Deficit:				
Preferred stock:				
Series A - no dividends, $2.00 stated value, non-voting; 2,000,000 shares authorized, 200,500 shares issued and outstanding		401,000		401,000
Series D - 8% cumulative, convertible, $1.00 stated value, non-voting; 1,000,000 shares authorized, 375,000 shares issued and outstanding		375,000		375,000
Common stock - $0.05 par value; 800,000,000 shares authorized, 3,067,059 shares issued and outstanding at March 31, 2025 and December 31, 2024		153,352		153,352
Additional paid-in capital		13,852,028		13,852,028
Accumulated deficit		(20,862,605)		(20,191,636)
Total Selectis Health, Inc. Stockholders' Deficit		(6,081,225)		(5,410,256)
Total Liabilities and Stockholders' Deficit	$	34,543,180	$	33,446,964

See accompanying notes to unaudited condensed consolidated financial statements.

SELECTIS HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Revenue		
Rental revenue	$ -	$ 160,326
Healthcare revenue	10,486,939	9,332,080
Total Revenue	10,486,939	9,492,406
Expenses		
Property taxes, insurance and other operating	8,080,969	7,501,209
General and administrative	2,365,088	2,163,348
Provision for credit losses	99,608	100,514
Depreciation	363,020	423,599
Total Expenses	10,908,685	10,188,670
Loss from Operations	(421,746)	(696,264)
Other (income) expense		
Interest expense, net	542,667	630,330
Other income	(308,444)	(291,874)
Total other (income) expense	234,223	338,456
Net loss	(655,969)	(1,034,720)
Series D preferred dividends	(15,000)	(7,500)
Net loss attributable to common stockholders	$ (670,969)	$ (1,042,220)
Per Share Data:		
Net loss per share attributable to common stockholders:		
Basic	$ (0.22)	$ (0.34)
Diluted	$ (0.22)	$ (0.34)
Weighted Average Common Shares Outstanding:		
Basic	3,067,059	3,067,059
Diluted	3,067,059	3,067,059

See accompanying notes to unaudited condensed consolidated financial statements.

SELECTIS HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(UNAUDITED)

	Series A Preferred Stock		Series D Preferred Stock		Common Stock		Additional		Selectis Health, Inc.
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Paid-In Capital	Accumulated Deficit	Stockholders' Deficit
Balance, December 31, 2024	**200,500**	**$401,000**	**375,000**	**$375,000**	**3,067,059**	**$153,352**	**$13,852,028**	**$ (20,191,636)**	**$ (5,410,256)**
Series D Preferred Dividends	-	-	-	-	-	-	-	(15,000)	(15,000)
Net loss	-	-	-	-	-	-	-	(655,969)	(655,969)
Balance, March 31, 2025	**200,500**	**$401,000**	**375,000**	**$375,000**	**3,067,059**	**$153,352**	**$13,852,028**	**$ (20,862,605)**	**$ (6,081,225)**

	Series A Preferred Stock		Series D Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Selectis Health, Inc. Stockholders' Deficit
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			
Balance, December 31, 2023	**200,500**	**$401,000**	**375,000**	**$375,000**	**3,067,059**	**$153,352**	**$13,852,028**	**$ (17,745,175)**	**$ (2,963,795)**
Series D Preferred Dividends	-	-	-	-	-	-	-	(7,500)	(7,500)
Net Loss	-	-	-	-	-	-	-	(1,034,720)	(1,034,720)
Balance, March 31, 2024	**200,500**	**$401,000**	**375,000**	**$375,000**	**3,067,059**	**$153,352**	**$13,852,028**	**$ (18,787,395)**	**$ (4,006,015)**

See accompanying notes to unaudited condensed consolidated financial statements.

SELECTIS HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash Flows From Operating Activities:		
Net loss	$ (655,969)	$ (1,034,720)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	363,020	423,599
Amortization of debt discount	4,184	79,887
Provision for credit losses	99,608	100,514
Changes in operating assets and liabilities:		
Accounts and rents receivable	(358,124)	165,515
Prepaid expenses and other assets	(347,751)	269,794
Accounts payable and accrued liabilities	1,527,043	238,906
Other current liabilities	400,000	-
Lease security deposits	3,400	6,000
Cash provided by operating activities	1,035,411	249,495
Cash flows from investing activities:		
Cash paid for property and equipment	(219,240)	(116,629)
Cash used in investing activities	(219,240)	(116,629)
Cash flows from financing activities:		
Proceeds from debt, non-related party	50,000	-
Payments on debt, non-related party	(245,697)	(404,750)
Proceeds from line-of-credit	13,258	-
Cash used in financing activities	(182,439)	(404,750)
Net increase (decrease) in cash, cash equivalents and restricted cash	633,732	(271,884)
Cash and cash equivalents and restricted cash at beginning of the period	1,391,966	2,304,723
Cash and cash equivalents and restricted cash at end of the period	$ 2,025,698	$ 2,032,839
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 535,277	$ 694,342
Cash and cash equivalents	$ 1,288,779	$ 1,256,613
Restricted cash	$ 736,919	$ 767,226
Total Cash and Cash Equivalents and Restricted Cash	$ 2,025,698	$ 2,032,839
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Dividends declared on Series D Preferred Stock	$ 15,000	$ 7,500
Financing of insurance premiums	$ -	$ 122,888

See accompanying notes to unaudited condensed consolidated financial statements.

SELECTIS HEALTH, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of the Business

Selectis Health, Inc ("Selectis" or "we" or the "Company") owns and operates, through wholly-owned subsidiaries Assisted Living Facilities, Independent Living Facilities, and Skilled Nursing Facilities across the South and Southeastern portions of the US.

The Company acquires, develops, leases and manages healthcare real estate and provides healthcare operations through our wholly-owned subsidiaries. Our portfolio is comprised of investments in the following healthcare operations: (i) senior housing (including independent and assisted living) and (ii) post-acute/skilled nursing. We will make investments within our healthcare operations using the following six investment products: (i) direct ownership of properties, (ii) debt investments, (iii) developments and redevelopments, (iv) investment management, (v) the Housing and Economic Recovery Act of 2008 ("RIDEA"), which represents investments in senior housing operations utilizing the structure permitted by RIDEA and (vi) owning healthcare operations.

Liquidity and Going Concern

The accompanying unaudited Condensed Consolidated Financial Statements are prepared in accordance with U.S. GAAP applicable to a going concern. This presentation contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described below.

For the three months ended March 31, 2025, the Company had a net loss of $0.7 million and negative net working capital of $16.8 million. As a result of our losses and our projected cash needs, substantial doubt exists about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is contingent upon successful execution of management's plan over the next twelve months to improve the Company's liquidity and profitability, which includes, without limitation:

- Increasing revenue by increasing occupancy in the facilities and increasing Medicaid reimbursement rates;
- Controlling operating expenses; and
- Seeking additional capital through the issuance of debt or equity securities, or the sale of assets.

The focus on opportunities within our current portfolio and future properties to acquire and operate, the settlement, refinance, and continued service of debt obligations, the potential funds generated from stock sales and other initiatives contributing to additional working capital should alleviate any substantial doubt about the Company's ability to continue as a going concern. However, we cannot predict, with certainty, the outcome of our actions to generate liquidity and the failure to do so could negatively impact our future operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information and in conjunction with the rules and regulations of the Securities Exchange Commission. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary to make the consolidated financial statements not misleading have been included. Operating results for the three months ended March 31, 2025, are not necessarily indicative of the results that may be expected for the entire year. The year-end condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. In accordance with the rules and regulations of the U.S. Securities and Exchange Commission (SEC), the Company has omitted certain footnote disclosures that would substantially duplicate the disclosures contained in its annual audited Consolidated Financial Statements. Therefore, the unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Loss Per Common Share

Basic earnings per share are based on the weighted-average number of shares of common stock outstanding. FASB ASC Topic 260, "Earnings per Share", requires the Company to include additional shares in the computation of earnings per share, assuming dilution.

Diluted earnings per share are based on the assumption that all dilutive options and warrants were converted or exercised by applying the treasury stock method and that all convertible preferred stock were converted into common shares by applying the if-converted method. Under the treasury stock method, options and warrants are assumed to be exercised at the beginning of the period or at the time of issuance, if later, and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Under the if-converted method, the preferred dividends applicable to convertible preferred stock are added back to the numerator. The convertible preferred stock is assumed to have been converted at the beginning of the period or at time of issuance, if later, and the resulting common shares are included in the denominator.

We calculate basic earnings per share by dividing net loss attributable to common stockholders (the "numerator") by the weighted average number of common shares outstanding (the "denominator") during the reporting period. Diluted earnings per share is calculated similarly but reflects the potential impact of outstanding options, warrants and other commitments to issue common stock, including shares issuable upon the conversion of convertible preferred stock outstanding, except where the impact would be anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended March 31,	
	2025	2024
Numerator for basic and diluted earnings per share:		
Net Loss Attributable to Selectis Health, Inc.	$ (655,969)	$ (1,034,720)
Series D Preferred Dividends	(15,000)	(7,500)
Net loss attributable to common stockholders – Basic and Diluted	$ (670,969)	$ (1,042,220)
Denominator for basic and diluted earnings per share:		
Weighted average common shares outstanding – Basic and Diluted	3,067,059	3,067,059
Net loss per share attributable to common stockholders:		
Basic	$ (0.22)	$ (0.34)
Diluted	$ (0.22)	$ (0.34)

Segment Reporting

The Company operates through a single operating and reportable segment focused on the business of operating assisted living facilities, independent living facilities, and skilled nursing facilities across the South and Southeastern portions of the US. The Company manages all business activities on a consolidated basis. The Company's chief operating decision maker (CODM) is the Chief Executive Officer.

The CODM evaluates the performance of the operating segment and allocates resources based on net loss that also is reported on the condensed consolidated statements of operations and comprehensive loss as net loss. The measure of the operating segment assets is reported on the condensed consolidated balance sheet as total assets.

The CODM uses net loss to monitor budget versus actual results and to analyze cash flows in assessing performance of the segment and allocating resources. The significant expense categories regularly provided to the CODM include property taxes, insurance and other operating expenses and general and administrative expenses. These expense categories are reported as separate line items in our condensed consolidated statements of operations and comprehensive loss. All our revenue is attributable to the United States and to our single operating segment.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, amending income tax disclosure requirements for the effective tax rate reconciliation and income taxes paid. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024 and are applied prospectively. Early adoption and retrospective application of the amendments are permitted. The Company adopted ASU 2023-9 on January 1, 2025 on a prospective basis. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements.

Recently issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation (Subtopic 220-40): Disaggregation of Income Statement Expenses. The amendments in ASU 2024-03 require a public business entity to disclose specific information about certain costs and expenses in the notes to its financial statements for interim and annual reporting periods. The objective of the disclosure requirements is to provide disaggregated information about a public business entity's expenses to help investors (i) better understand the entity's performance, (ii) better assess the entity's prospects for future cash flows, and (iii) compare an entity's performance over time and with that of other entities. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of the adoption of ASU 2024-03.

The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2024. Management has carefully considered the new pronouncements that altered generally accepted accounting principles and does not believe that any other new or modified principles will have a material impact on the Company's reported financial position or operations in the near term.

3. PROPERTY AND EQUIPMENT, NET

The gross carrying amount and accumulated depreciation of the Company's property and equipment as of March 31, 2025, and December 31, 2024, are as follows:

	March 31, 2025	December 31, 2024
Land	$ 1,598,250	$ 1,598,250
Land improvements	329,055	329,055
Buildings and improvements	38,833,294	38,625,546
Furniture, fixtures and equipment	2,445,691	2,434,199
	43,206,290	42,987,050
Less: accumulated depreciation	(15,222,067)	(14,859,046)
Property and Equipment, net	$ 27,984,223	$ 28,128,004

	For the Three Months Ended March 31,	
	2025	2024
Depreciation Expense (excluding Intangible Assets)	$ 363,020	$ 423,599

4. DEBT AND DEBT - RELATED PARTIES

The following is a summary of the Company's debt outstanding as of March 31, 2025, and December 31, 2024:

	March 31, 2025	December 31, 2024
Senior secured promissory notes	$ 1,050,000	$ 1,025,000
Senior secured promissory notes - related parties	775,000	750,000
Lines of credit	813,010	799,752
Fixed-rate mortgage loans	24,963,199	25,152,756
Variable-rate mortgage loans	4,627,808	4,675,991
Other debt, subordinated secured	173,500	173,500
Other debt, subordinated secured - seller financing	-	7,957
Total	32,402,517	32,584,956
Unamortized discount and debt issuance costs	(447,753)	(451,936)
Total debt, net of discount	$ 31,954,764	$ 32,133,020
As presented in the Condensed Consolidated Balance Sheets:		
Current Maturities of long term debt, net	$ 11,360,527	$ 11,450,406
Short term debt – related parties, net	775,000	750,000
Short term debt – line of credit	813,010	799,752
Long-term debt	19,006,227	19,132,862

The weighted average interest rate and term of our fixed rate debt are 4.82% and 14.10 years, respectively, as of March 31, 2025. The weighted average interest rate and term of our variable rate debt are 9.10% and 12.87 years, respectively, as of March 31, 2025.

The weighted average interest rate and term of our fixed rate debt are 4.68% and 14.04 years, respectively, as of December 31, 2024. The weighted average interest rate and term of our variable rate debt are 9.10% and 13.11 years, respectively, as of December 31, 2024.

Corporate Senior and Senior Secured Promissory Notes

Senior Secured Notes

As of March 31, 2025, the senior secured notes are subject to annual interest of 13% with an original maturity date of October 31, 2021.

In 2017, $600,000 in notes were sold and issued, of which $425,000 were to related parties. On December 31, 2017, there were outstanding an aggregate of $1.2 million in senior secured notes. The maturity date of all the senior secured notes was extended to December 31, 2018 prior to their original maturity date. For every $10.00 in principal amount of note, investors got one warrant exercisable for one year to purchase an additional share of common stock at an exercise price of $7.50 per share. The warrants have a cashless exercise provision and were valued using the Black-Scholes pricing model. The maturity date of the 120,000 warrants issued along with the notes was extended to December 31, 2018, 225,000 warrants of which occurred in 2018. As of December 31, 2019, the Company had not renewed or repaid $125,000 in 10% notes with a maturity date of December 31, 2018, and those notes were technically in default. Effective January 28, 2020, the Company exchanged $100,000 in outstanding senior secured 10% Notes and Warrants that had matured on December 31, 2018 for 11% Senior Secured Promissory Notes and issued 10,000 cashless exercise warrants for purchase of company stock at $5.00, expiring October 31, 2021. As of December 31, 2020, the Company had not renewed or repaid $25,000 in 10% notes with a maturity date of December 31, 2018. While this is technically in default, the Company continues to make interest payments to the noteholder.

In October 2017, the Company sold an aggregate of $300,000 in senior unsecured notes. The notes bear interest at the rate of 10% per annum and were due in October 2020. For every $10.00 in principal amount of note, investors got one warrant exercisable for one year to purchase an additional share of common stock at an exercise price of $7.50 per share. The warrants have a cashless exercise provision. On September 30, 2020, the Company repaid $150,000 of 10% Senior Unsecured Notes that matured October 31, 2020. Effective October 31, 2020, the Company exchanged $150,000 in outstanding Senior Unsecured 10% Notes and Warrants that had matured on October 31, 2020 for 11% Senior Secured Promissory Notes and issued 15,000 cashless exercise warrants for purchase of the Company's common stock at $5.00 per share, expiring October 31, 2021.

In October 2018, the Company, through a registered broker-dealer acting as Placement Agent, undertook a private offering to accredited investors of Units, each Unit consisting of an 11% Senior Secured Note, due in three years, (October 31, 2021) and one Warrant for each $10.00 in principal amount of Note exercisable for three years to purchase a share of Common Stock at an exercise price of $5.00 per share. The Company and the Placement Agent completed the Offering in December 2018 having sold an aggregate of $1,160,000 in Notes and Warrants. The net proceeds to the Company were $1,092,400, after deducting Placement Agent fees of $67,600, and issued 11,100 warrants to the Placement Agent with $21,453 of the fair value of the warrants recorded as loan cost. The Offering also included the exchange of an aggregate of $1.075 million in outstanding senior secured 10% Notes and Warrants for Units in the Offering. No proceeds were realized from the exchange and no fees were paid to the Placement Agent for such exchanges. During 2018, among the $1.075 million senior secured notes that were extended to October 31, 2021 by virtue of the exchange, $875,000 were to related parties.

On January 17, 2020, the Board of Directors agreed to increase the total offering amount and extend the period of its 2018 Offering of 11% Senior Secured Notes. The total amount of the Offering has been increased to $2,500,000 and the offering period will continue until terminated by the Board of Directors. Effective February 5, 2020 and March 3, 2020, the Company completed the sale of $60,000 and $100,000, respectively, of Units in the Offering. The sale of $100,000 Units on March 3, 2020 was to a related party. In connection with the sale of the Units on February 5, 2020 and March 3, 2020, the Company issued 6,000 and 10,000, respectively, cashless exercise warrants for purchase of company stock at $0.50, expiring October 31, 2021. Effective October 31, 2020 the Company completed the exchange of $150,000 of Units in the Offering for matured Senior Unsecured notes. In connection with the exchange of the Units effective October 31, 2020, the Company issued 15,000 cashless exercise warrants for purchase of company stock at $5.00, expiring October 31, 2021. No fees or commissions were paid on the sale of the Units. The proceeds were used for general working capital.

Effective June 27, 2023, pursuant to an Allonge and Modification Agreement a Majority in Interest of the senior secured note holders agreed to extend the maturity date of the notes to December 31, 2024, relying upon an Agreement Among Lenders to which all noteholders are a party. As consideration effective July 1, 2023, the annual interest rate increased to 11% and the Company issued a new warrant for every $10 in principal totaling 177,500 of new warrants with an exercise price of $5 and an expiration date of December 31, 2024. As a result of the new warrants, the Company recorded the incremental increase in fair value of $84,352 as a debt discount which is being amortized over the life of the notes.

Effective December 31, 2024, pursuant to the Second Amended and Restated Allonge and Modification Agreement a Majority in Interest of the senior secured note holders agreed to extend the maturity date of the notes to December 31, 2025, relying upon an Agreement Among Lenders to which all noteholders are a party. As consideration effective January 1, 2025, the annual interest rate increased to 13% and the Company extended the 177,500 warrants previously issued with an original exercise price of $5 with a new expiration date of December 31, 2025 and new exercise price of $2.25.

On December 31, 2024, the Company evaluated the Amendment Agreement and the amendment was not required to be accounted for as a Troubled Debt Restructuring under ASC 470-60 as no concession was granted to the Company. The Company then evaluated the Second Amended and Restated Allonge and Modification Agreement was not required to be accounted for as an extinguishment under ASC 470-50, Debt – Modifications and Extinguishment. The Company recorded the debt as a modification. As a result of the new warrants, the Company recorded the incremental increase in fair value as a debt discount which is being amortized over the extended life of the notes of twelve months.

Mortgage Loans and Lines of Credit Secured by Real Estate

Mortgage loans and other debts such as line of credit here are collateralized by all assets of each nursing home property and an assignment of its rents. Collateral for certain mortgage loans includes the personal guarantee of Christopher Brogdon, formerly but no longer a related party, or corporate guarantees. Mortgage loans for the periods presented consisted of the following:

State	Number of Properties	Total Face Amount	Total Principal Outstanding as of March 31, 2025	Total Principal Outstanding as of December 31, 2024
Arkansas(1)	1	$ 5,000,000	$ 3,701,342	$ 3,742,822
Georgia(2)	4	$ 13,497,114	$ 11,324,308	$ 11,403,295
Ohio	1	$ 3,000,000	$ 2,507,193	$ 2,517,400
Oklahoma(3)	6	$ 13,181,325	$ 12,058,165	$ 12,165,230
	12	$ 34,678,439	$ 29,591,008	$ 29,828,747

(1) The mortgage loan collateralized by this property is 80% guaranteed by the USDA and requires an annual renewal fee payable in the amount of 0.25% of the USDA guaranteed portion of the outstanding principal balance as of December 31 of each year. Guarantors under the mortgage loan include Christopher Brogdon. Mr. Brogdon has assumed operations of the facility and is making payments of principal and interest on the loan on our behalf in lieu of paying rent on the facility to us, until a formal lease can be put in place. During the periods ended March 31, 2025 and 2024, the Company recognized other income of $55,144 and $14,350, respectively for repayments on the loan.

(2) The Company refinanced two of its mortgages that would have matured in June and October of 2021 amounting to $2,961,167 and $3,289,595, to extend their maturity dates to May 2024 for both. The Company is currently negotiating a refinance for both loans and have received a 120 day forbearances on both to May 31, 2025. In addition, as a result of the sale of Goodwill Hunting property, the company paid down debt in the amount of $3,679,890.

(3) The Company refinanced all three mortgages in July 2021, that would have matured in June and July of 2021 amounting to $2,065,969 and $750,000, $500,000, to extend their maturity dates to June 2027 for all three. Additionally, the Company has refinanced the primary mortgage at the Southern Hills Campus, for 35 years at 2.38% with a maturity date of October 1, 2056.

Subordinated, Corporate and Other Debt

Other debt due at March 31, 2025 and December 31, 2024 includes unsecured notes payable issued to entities controlled by the Company used to facilitate the acquisition of the nursing home properties.

Property	Face Amount	Total Principal Outstanding as of March 31, 2025	Total Principal Outstanding as of December 31, 2024	Stated Interest Rate	Maturity Date
Goodwill Nursing Home	$ 2,030,000	$ 173,500	$ 173,500	13% Fixed	November 30, 2025
Higher Call Nursing Center (1)	150,000	-	7,957	8% Fixed	November 30, 2025
	$ 2,180,000	$ 173,500	$ 181,457		

(1) In connection with the acquisition of Higher Call, the Company executed a promissory note in favor of the Seller, Higher Call Nursing Center, Inc., in the principal amount of $150,000 which accrues interest at the rate of 8% per annum and is payable in equal monthly installments, principal and interest. This note is secured by a corporate guaranty of Global Casinos, Inc.

The Company's corporate debt as of March 31, 2025 and December 31, 2024 includes unsecured notes and notes secured by all assets of the Company not serving as collateral for other notes.

Series	Face Amount	Total Principal Outstanding as of March 31, 2025	Total Principal Outstanding as of December 31, 2024	Stated Interest Rate	Maturity Date
Senior Secured Promissory Notes	$ 1,255,000	$ 1,050,000	$ 1,025,000	13% Fixed	December 31, 2025
Senior Secured Promissory Notes – Related Party	775,000	775,000	750,000	13% Fixed	December 31, 2025
	$ 2,030,000	$ 1,825,000	$ 1,775,000		

Lines of Credits

On April 12, 2024, the Company entered into a Commercial Line of Credit Agreement and Note with Southern Bank for a secured line of credit in the principal amount limit of $750,000 at a fixed interest rate of 8.50% per annum with a Maturity Date of April 12, 2025. In November 2024, the Company entered into another Commercial Line of Credit Agreement and Note with Southern Bank for a secured line of credit in the principal amount limit of $750,000 at a fixed interest rate of 7.75% per annum with a Maturity Date of November 14, 2025. As of March 31, 2025 and December 31, 2024, the balance outstanding on the lines of credits are $813,010 and $799,752 and the amount available is approximately $686,000 and $700,000, respectively.

Amortization of Debt Discount

Amortization expense for debt issuance costs and debt discounts totaled $4,184 and $79,887 for the three months ended March 31, 2025 and 2024, respectively.

Future maturities and principal payments of all notes payable listed above for the next five years and thereafter are as follows:

Year Ending December 31		
2025 (remaining nine months)	$	12,961,089
2026		787,962
2027		2,962,993
2028		536,847
2029 and Thereafter		15,153,626
Total (without debt discount)	$	32,402,517

5. STOCKHOLDERS' DEFICIT

Preferred Stock

The Company has authorized 10,000,000 shares of preferred stock. These shares may be issued in series with such rights and preferences as may be determined by the board of directors.

Series A Convertible Redeemable Preferred Stock

The Company's Board of Directors has authorized 2,000,000 shares of $2.00 stated value, Series A Preferred Stock. The preferred stock has a senior liquidation preference value of $2.00 per share and does not bear dividends.

As of March 31, 2025 and December 31, 2024, the Company has 200,500 shares of Series A Preferred Stock outstanding.

Series D Convertible Preferred Stock

The Company has established a class of preferred stock designated Series D Convertible Preferred Stock ("Series D preferred stock") and authorized an aggregate of 1,000,000 non-voting shares with a stated value of $1.00 per share. Holders of the Series D preferred stock are entitled to receive dividends at the annual rate of 8% based on the stated value per share computed on the basis of a 360-day year and twelve 30-day months. Dividends are cumulative, shall be declared quarterly, and are calculated from the date of issue and payable on the 15th day of April, July, October, and January. The dividends may be paid, at the option of the holder either in cash or by the issuance of shares of the Company's common stock valued at the market price on the dividend record date. Shares of the Series D preferred stock are redeemable at the Company's option. At the option of the holder, shares of the Series D preferred stock plus any declared and unpaid dividends are convertible to shares of the Company's common stock at a conversion rate of $1.00 per share.

As of March 31, 2025 and December 31, 2024, the Company had 375,000 shares of Series D Preferred Stock outstanding.

For the three months ended March 31, 2025, and 2024, the Company declared $15,000 and $7,500 in preferred dividends, respectively.

Common Stock

The Company's Board of Directors has authorized 800,000,000 shares of $0.05 par value, Common Stock. As of March 31, 2025 and December 31, 2024, the Company has 3,067,059 shares of common stock outstanding.

Common Stock Warrants

As of March 31, 2025 and December 31, 2024, the Company had 177,500 of outstanding warrants to purchase common stock at $2.25 and a weighted average remaining term of 0.75 years and 1.0 years, respectively. The aggregate intrinsic value of common stock warrants outstanding as of March 31, 2025 and December 31, 2024 was $0.

Activity for the three months ended March 31, 2025, related to common stock warrants is as follows:

	March 31, 2025	
	Number of	Weighted Average

	Warrants		Exercise Price
January 1, 2025 Balance	177,500	$	2.25
Exercised	-		-
Expired	-		-
March 31, 2025 Balance	177,500	$	2.25

6. GOODWILL

Goodwill is tested for impairment at a reporting unit level on an annual basis or when an event occurs, or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. During the three months ended March 31, 2025 and 2024, the Company recorded no impairment of Goodwill.

Following is a summary of goodwill as of March 31, 2025 and December 31, 2024:

Balance, December 31, 2024	**$**	**1,076,908**
Additions		-
Impairment		-
Balance, March 31, 2025	**$**	**1,076,908**

7. LEGAL PROCEEDINGS

The Company and/or its affiliated subsidiaries provide patient care at or through their facilities. As such, the Company and its affiliated subsidiaries are subject from time to time to claims of negligence resulting in injury or death to residents. The Company maintains comprehensive general liability insurance and professional liability insurance in sufficient amounts to cover most material exposure resulting from these claims. The cost of defense is generally covered by these liability policies subject to reasonable reserves and deductibles. Nevertheless the Company does have exposure to these claims which in some cases can be material. There can be no assurance that the Company's portfolio of insurance products will be adequate to cover all potential exposure or prevent material adverse financial losses.

The following represent some of the matters pending as of the date of this Report:

Hines v. Global Abbeville LLC, d/b/a Glen Eagle, et al, Superior Court of Warren County, State of Georgia, Civil Action No.2023-CV-094

This is a personal injury lawsuit filed on September 11, 2023 against various defendants arising from injuries several months after being admitted to the Glen Eagle facility. The complaint alleges that the facility was negligent in the care administered to the plaintiff which resulted in the injuries, which the Company denies. The Company has referred the litigation to its insurance company for management and believes that its exposure in this matter is de minimus.

Hunter v. Global Abbeville LLC, d/b/a Glen Eagle, et al, State Court of Fulton County, State of Georgia

This is a wrongful death lawsuit filed on June 20, 2023 against various defendants alleging negligence that led to the death of the plaintiff's mother who had been admitted to the facility. The complaint alleges that the Company deviated from the standard of care that caused injuries that ultimately led to the death of the patient, which the Company denies. The Company has referred the litigation to its insurance company for management and believes that its exposure in this matter is de minimus.

8. COMMITMENTS AND CONTINGENCIES

General and Professional Liability Insurance and Lawsuits

The senior care industry has experienced significant increases in both the number of personal injury/wrongful death claims and in the severity of awards based upon alleged negligence by skilled nursing facilities and their employees in providing care to residents. The Company has been, and continues to be, subject to claims and legal actions that arise in the ordinary course of business, including potential claims related to patient care and treatment. The defense of these lawsuits *may* result in significant legal costs, regardless of the outcome, and can result in large settlement amounts or damage awards. The Company purchases insurance through third party providers that provides coverage for these claims.

There is certain additional litigation incidental to our business, none of which, based upon information available to date, would be material to our financial position, results of operations, or cash flows. In addition, the long–term care industry is continuously subject to scrutiny by governmental regulators, which could result in litigation or claims related to regulatory compliance matters.

Governmental Regulations

Laws and regulations governing the Medicare, Medicaid and other federal healthcare programs are complex and subject to interpretation. Management believes that it is following all applicable laws and regulations in all material respects. However, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusions from the Medicare, Medicaid and other federal healthcare programs.

Purchase and Sale Agreement

Effective on February 7, 2025, the Company caused three of the Company's wholly-owned subsidiaries Global Abbeville Property, LLC, Dodge NH, LLC, and ATL/WARR, LLC, each a Georgia limited liability company (each a "Seller"), to execute and deliver a definitive Purchase and Sale Agreement ("PSA") with Abbeville Propco Holdco, LLC, a Delaware limited liability company ("Purchaser") and also caused a fourth subsidiary, Providence HR, LLC, a Georgia limited liability company, to execute and deliver an additional Purchase and Sale Agreement (also a "Seller") with the Purchaser. Pursuant to both PSAs each Seller agreed to sell substantially all of the real and personal property owned by each, namely the skilled nursing facilities located at (i) 206 Main Street East, Abbeville, Georgia, 31001, upon which is located that certain 101-bed skilled nursing facility commonly known as "Glen Eagle Healthcare & Rehab" (the "Glen Eagle Facility"), (ii) 556 Chester Highway, Eastman, Georgia, 31023, upon which is located that certain 100-bed skilled nursing facility commonly known as "Eastman Healthcare & Rehab" (the "Eastman Facility"), (iii) 60 Providence Street, Sparta, Georgia, 31087, upon which is located that certain 71-bed skilled nursing facility commonly known as "Providence of Sparta Health and Rehabilitation" (the "Sparta Facility"), and (iv) 813 Atlanta Highway, Warrenton, Georgia, 30828, upon which is located that certain 110-bed skilled nursing facility commonly known as "Warrenton Health and Rehabilitation" (the "Warrenton Facility" and together with the Eastman Facility, Glen Eagle Facility, and Sparta Facility, the "Facilities").

The Sparta Facility was covered under a separate PSA to reflect the Purchaser's desire and intent to assume the HUD loan secured by the Sparta Facility. The purchase price to be paid by Purchaser for the four (4) Facilities under the two PSAs is an aggregate of $27.0 million, subject to certain prorations, holdbacks and adjustments customary in transactions of this nature. Consummation of the PSAs are contingent upon numerous conditions, including, without limitation, satisfactory completion of due diligence and other conditions customary in transaction of this nature. There can be no assurance that the PSAs will be consummated.

Operations Transfer Agreements

The Facilities are operated by separate, wholly-owned subsidiaries of the Company, namely Global Abbeville, LLC, a Georgia limited liability company, Global Eastman, LLC, a Georgia limited liability company, Selectis Sparta, LLC, a Georgia limited liability company, and Selectis Warrenton, LLC, a Georgia limited liability company (collectively, the “Existing Operators”). Concurrently with the execution of the PSA, the Company caused three of the Existing Operators to execute Operations Transfer Agreement (“OTA”) with a new entity affiliated with the Purchaser, Abbeville Opco Holdco LLC, a Delaware limited liability company (the “Abbeville New Operator”) and also cause the Existing Operator Selectis Sparta, LLC to execute an OTA with Sparta Opco Holdcso LLC, a Delaware limited liability company (the “Sparta New Operator”). If consummated, of which there can be no assurance, the OTA will govern the transfer of the skilled nursing operations from the Existing Operators to the New Operators. Consummation of the OTA’s is contingent upon the consummation of the PSAs as well as other conditions customary in transaction of this nature.

Escrow Agreement

In connection with the PSA, the Company’s three wholly-owned subsidiaries Global Abbeville Property, LLC, Dodge NH, LLC, and ATL/WARR, LLC, each a Georgia limited liability company (each a “Seller”), Abbeville Propco Holdco LLC, a Delaware limited liability company (individually and collectively, “Purchaser”), and Landmark Abstract Agency, LLC (the “Escrow Agent”), entered into an Escrow Agreement dated February 7, 2025 whereby the Purchaser delivered to Escrow Agent an initial deposit of $400,000 (the “Initial Deposit”). The Initial Deposit and any other sums deposited in escrow by Purchaser under the PSA, will be held by the Escrow Agent, together with any interest and dividends earned thereon, if any (the “Escrow Fund”).

During the three months ended March 31, 2025, $400,000 of the Initial Deposit was deemed non-refundable, therefore the Company deferred the asset and recognized $400,000 to other current liabilities in the condensed consolidated balance sheet.

9. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the condensed consolidated balance sheet date up to the date that the unaudited condensed consolidated financial statements were issued. Based upon review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the unaudited condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is Management's Discussion and Analysis of Financial Condition and Results of Operations and should be read in conjunction with the interim financial statements and notes thereto contained in this report. This section contains forward-looking statements, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based. These forward-looking statements generally are identified by the words "believes," "projects," "expects," "anticipates," "estimates," "intends," "strategy," "plan," "may," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Forward-looking statements that were true at the time made may ultimately prove to be incorrect or false. We undertake no obligation to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise. All forward-looking statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the SEC.

Actual future results and trends may differ materially from expectations depending on a variety of factors discussed in our filings with the SEC. These factors include without limitation:

- strategic business relationships;
- statements about future business plans and strategies;
- anticipated operating results and sources of future revenue;
- organization's growth;
- adequacy of our financial resources;
- development of markets;
- competitive pressures;
- changing economic conditions;
- expectations regarding competition from other companies;
- the duration and scope of the COVID-19 pandemic;
- the impact of the COVID-19 pandemic on occupancy rates and on the operations of the Company's facilities and its operators/tenants;

- actions governments take in response to the COVID-19 pandemic, including the introduction of public health measures and other regulations affecting our properties and our operations and the operations of our operators/tenants;
- the effects of health and safety measures adopted by us and our operators/tenants in response to the COVID-19 pandemic;
- increased operational costs because of health and safety measures related to COVID-19;
- the impact of the COVID-19 pandemic on the business and financial conditions of our operators/tenants and their ability to pay rent;
- disruptions to our property acquisition and disposition activities due to economic uncertainty caused by COVID-19; and
- general economic uncertainty in key markets as a result of the COVID-19 pandemic and a worsening of global economic conditions or low levels of economic growth.

Properties

As of March 31, 2025, we owned twelve (12) long-term care facilities including a campus of three buildings in Tulsa, OK. The following table provides summary information regarding these facilities at March 31, 2025:

				Total Square Feet		# of Beds	
State	**Properties**	**Operations**	**Leased Operations**	**Operating Square Feet**	**Leased Square Feet**	**Operating Beds**	**Leased Beds**
Arkansas	1	-	1	-	40,737	-	141
Georgia (1)	4	4	-	78,197	-	382	-
Ohio	1	-	-	27,500	-	99	-
Oklahoma	6	5	-	162,976	-	412	-
Total	**12**	**9**	**1**	**268,673**	**40,737**	**893**	**141**

(1) As a result of the sale of Goodwill Hunting LLC on June 18, 2024 the Company had no more operating leases recorded on its consolidated balance sheet.

Effective February 7, 2025, the Company executed two Purchase and Sale Agreements, and corresponding Operations Transfer Agreements, pursuant to which the Company agreed to sell to an unrelated third party, the Company's four (4) skilled nursing facilities in the State of Georgia: Abbeville, Dodge, Warrenton and Sparta. If consummated, the PSA's would result in the Company no longer having facilities in the State of Georgia. The Company expects the PSA to close some time in calendar 2025.

RESULTS OF OPERATIONS

The following discussion of the financial condition, results of operations, cash flows, and changes in our financial position should be read in conjunction with our interim consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended March 31,	
	2025	**2024**
Revenue		
Rental revenue	$ -	$ 160,326
Healthcare revenue	10,486,939	9,332,080
Total Revenue	10,486,939	9,492,406
Expenses		
Property taxes, insurance and other operating	8,080,969	7,501,209
General and administrative	2,365,088	2,163,348
Provision for credit losses	99,608	100,514
Depreciation	363,020	423,599
Total Expenses	10,908,685	10,188,670
Loss from Operations	(421,746)	(696,264)
Other (income) expense		
Interest expense, net	542,667	630,330
Other income	(308,444)	(291,874)
Total other (income) expense	234,223	338,456
Net loss	$ (655,969)	$ (1,034,720)

Three Months Ended March 31, 2025, Compared to the Three Months Ended March 31, 2024

Revenues

Rental Revenue

Rental revenue for the three months ended March 31, 2025 was none compared to $160,326 for the three months ended March 31, 2024, a decrease of $160,326 or 100%. This decrease was due to the sale of our Archway Property in June 2024 with which we had monthly rental revenues of approximately $53,000. Since this was the only property that we were leasing to a third party, rental revenue to third parties ceased after June 2024.

Healthcare Revenue

Healthcare revenue for the three months ended March 31, 2025 was $10,486,939, compared to $9,332,080 for the three months ended March 31, 2024, an increase of $1,154,859 or 12%. Healthcare revenues increased due to the increase in Medicaid rates at our Georgia and Oklahoma facilities.

Operating Expenses

Property Taxes, Insurance, and Other Operating

Property taxes, insurance, and other operating expenses was $8,080,969 for the three months ended March 31, 2025, compared to $7,501,209 for the three months ended March 31, 2024, an increase of $579,760 or 8%. This increase can be attributed to higher operating cost as a result of inflation between the two periods.

General and Administrative

General and administrative expenses was $2,365,088 for the three months ended March 31, 2025, compared to $2,163,348 for the three months ended March 31, 2024, an increase of $201,740 or 9%. The increase can be attributed to an increase in cost of professional services fees.

Provision for Credit Losses

Provision for credit losses was $99,608 for the three months ended March 31, 2025, compared to $100,514 for the three months ended March 31, 2024, a decrease of $906 or 1%. The minor change can be attributed to the limited change in aged receivables.

Depreciation and Amortization

Depreciation and amortization expense was $363,020 for the three months ended March 31, 2025, compared to $423,599 for the three months ended March 31, 2024, a decrease of $60,579 or 14%. This decrease is related to an increase in fully depreciated assets along with assets sold in the Goodwill Hunting sale as compared to the same period in the prior year.

Other Income (Expense)

Interest Expense, Net

Interest expense, net was $542,667 for the three months ended March 31, 2025, compared to $630,330 for the three months ended March 31, 2024, a decrease of $87,663 or 14%. The decrease was due to the repayment of our mortgage for our Archway Property upon the sale of that property in June 2024. The interest expense associated with that property was approximately $24,000 per month.

Other Income

Other income was $308,444 for the three months ended March 31, 2025, compared to $291,874 for the three months ended March 31, 2024, an increase of $16,570 or 16%. This is primarily related to recording the principal reduction payments made by the operator for the Arkansas facility as other income. We will continue to record this as the operator continues to satisfy the debt.

LIQUIDITY AND CAPITAL RESOURCES

Current Financial Condition

Throughout its history, the Company has experienced shortages in working capital and has relied, from time to time, upon sales of debt and equity securities to meet cash demands generated by our acquisition activities.

At March 31, 2025, the Company had cash of $1,288,779 and restricted cash of $736,919. Our restricted cash is to be expended on repairs and capital expenditures associated with Providence of Sparta Nursing Home or Warrenton Health and Rehab. Our liquidity is expected to increase from potential equity and debt offerings and decrease as net offering proceeds are expended in connection with our various property improvement projects. Our continuing short-term liquidity requirements consisting primarily of operating expenses and debt service requirements, excluding balloon payments at maturity, are expected to be achieved from healthcare operations, rental revenues received, and existing cash on hand.

As reflected in our condensed consolidated financial statements included elsewhere in this Quarterly Report, we have a history of losses and incurred a net loss of $0.7 million for the three months ended March 31, 2025 and had a working capital deficiency of $16.8 million as of March 31, 2025. These factors, among others, raise substantial doubt about our ability to continue as a going concern within one year from the date that the financial statements are issued. Our consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to execute our strategy and on our ability to raise additional funds through the sale of equity and/or debt securities via public and/or private offerings.

Our long-term ability to continue as a going concern is dependent upon our ability to increase revenue, reduce costs, achieve a satisfactory level of profitable operations, and obtain additional sources of suitable and adequate financing. Our ability to continue as a going concern is also dependent its ability to further develop and execute on our business plan. We may also have to reduce certain overhead costs through the reduction of salaries and other means and settle liabilities through negotiation. There can be no assurance that management’s attempts at any or all of these endeavors will be successful.

Sources of Liquidity

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at

$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Company qualified for the tax credit under the CARES Act for qualified wages for the years ended December 31, 2020 and 2021. In February 2023, the Company submitted filings for CARES Employee Retention Credits totaling $8,124,710. The Company has received a majority of the credits 6,886,759, and has fully reserved for the remaining receivable due in the amount of $1,267,352.

As of March 31, 2025 and December 31, 2024, our debt balances consisted of the following:

	March 31, 2025	December 31, 2024
Senior secured promissory notes	$ 1,050,000	$ 1,025,000
Senior secured promissory notes - related parties	775,000	750,000
Lines of credit	813,010	799,752
Fixed-rate mortgage loans	24,963,199	25,152,756
Variable-rate mortgage loans	4,627,808	4,675,991
Other debt, subordinated secured	173,500	173,500
Other debt, subordinated secured - seller financing	-	7,957
Total	32,402,517	32,584,956
Unamortized discount and debt issuance costs	(447,753)	(451,936)
Total debt, net of discount	$ 31,954,764	$ 32,133,020
As presented in the Consolidated Balance Sheets:		
Current Maturities of long term debt, net	$ 11,360,527	$ 11,450,406
Short term debt – related parties, net	775,000	750,000
Short term debt – line of credit	813,010	799,752
Long-term debt	19,006,227	19,132,862

Sources and Uses of Cash

The following table provides information regarding our cash flows for the three months ended March 31, 2025 and 2024:

	Three months ended March 31,	
	2025	2024
Net cash provided by operating activities	$ 1,035,411	$ 249,495
Net cash used in investing activities	(219,240)	(116,629)
Net cash used in financing activities	(182,439)	(404,750)
Net change in cash and cash equivalents and restricted cash	$ 633,732	$ (271,884)

Cash Flows Provided By Operating Activities

Cash flows provided by operating activities was $1,035,411 for the three months ended March 31, 2025, compared to $249,495 for the three months ended March 31, 2024. The increase primarily resulted from our net loss during the period of $655,969 which included non-cash charges of $466,812 largely comprised of depreciation and amortization and changes in the provision for credit losses. The remainder of our sources of cash used in operating activities of $1,224,568 was from changes in our working capital, including $358,124 from increases of accounts receivable payments and $347,751 from timing of prepaids offset by an increase of $400,000 on other current liabilities and an increase of $1,527,043 from timing of accounts payable and accrued expenses.

Cash Flows Used In Investing Activities

Cash used in investing activities was $219,240 for the three months ended March 31, 2025, compared to cash used of $116,929 for the three months ended March 31, 2024. The cash used in investing activities was attributed to purchases of property and equipment.

Cash Flows Used In Financing Activities

Cash used in financing activities was $182,439 for the three months ended March 31, 2025, compared to $404,750 for the three months ended March 31, 2024. During both periods we made payments on long-term debt and related party debt.

Critical Accounting Policies and Estimates

Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. Certain of these accounting policies are particularly important for an understanding of the financial position and results of operations presented in the consolidated financial statements set forth elsewhere in this report. These policies require the application of judgment and assumptions by management and, as a result, are subject to a degree of uncertainty. Actual results could differ as a result of such judgment and assumptions.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, Revenue Recognition. Under the accounting guidance our revenues are presented net of estimated allowances, and we no longer present the contractual allowance as a separate line item on our balance sheet.

The Company reviews its calculations for the realizability of gross service revenues monthly to make certain that we are properly allowing for the uncollectible portion of our gross billings and that our estimates remain sensitive to variances and changes within our payer groups. The contractual allowance calculation is made based on historical allowance rates for the various specific payer groups monthly with a greater emphasis given to current trends. This calculation is routinely analyzed by the Company based on actual allowances issued by payers and the actual payments made to determine what adjustments, if any, are needed.

Our revenues generally relate to contracts with patients in which our performance obligations are to provide health care services to the patients. Revenues are recorded during the period our obligations to provide health care services are satisfied. Our performance obligations for inpatient services are generally satisfied over periods that average approximately five days, and revenues are recognized based on charges incurred in relation to total expected charges. The contractual relationships with patients, in most cases, also involve a third-party payer (Medicare, and Medicaid) and the transaction prices for the services provided are dependent upon the terms provided by (Medicare, and Medicaid). Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member.

Our revenues are based upon the estimated amounts we expect to be entitled to receive from patients and third-party payers. Estimates of contractual allowances under managed care are based upon the payment terms specified in the related contractual agreements.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined (in relation to certain government programs, primarily Medicare, this is generally referred to as the "cost report" filing and settlement process).

Recently Issued Accounting Pronouncements

The FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during 2025. Management has carefully considered the new pronouncements that altered generally accepted accounting principles and does not believe that any other new or modified principles will have a material impact on the Company's reported financial position or operations in the near term.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives.

Our management, including our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on this evaluation, our CEO and CFO concluded that the design and operation of our disclosure controls and procedures were not effective as of such date to provide assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management as appropriate, to allow timely decisions regarding disclosures.

Management noted the following deficiencies that we believe to be material weaknesses:

- Inadequate design of information technology (IT) general and application controls resulting from inappropriate access given to certain individuals within finance, including the CFO and Controller;
- Lack of segregation of duties in certain accounting and financial reporting processes including the initiation, processing, recording and approval of disbursements; and
- Lack of a formal review process that includes multiple levels of review as well as timely review of accounts and reconciliations leading to material post-closing adjustments.

In light of the material weaknesses described above, we performed additional analysis deemed necessary to ensure that our unaudited interim financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the periods presented. The Company plans to implement multi-level review in 2025, and management intends to work internally and with various third-parties to ensure we have the proper controls in place going forward.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of prior, current, and pending litigation of material significance to the Company, please see Note 7, Commitments and Contingencies, of this Form 10–Q.

Item 1A. Risk Factors

Not required for small reporting companies

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

31.1	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002*
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	Inline XBRL Instance Document**
101.SCH	Inline XBRL Schema Document**
101.CAL	Inline XBRL Calculation Linkbase Document**
101.LAB	Inline XBRL Label Linkbase Document**
101.PRE	Inline XBRL Presentation Linkbase Document**
101.DEF	Inline XBRL Definition Linkbase Document**
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* filed herewith
** furnished, not filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SELECTIS HEALTH, INC

Date: May 20, 2025	By: */s/ Adam Desmond* Adam Desmond, Chief Executive Officer (Principal Executive Officer)
Date: May 20, 2025	By: */s/ Adam Desmond* Adam Desmond, Chief Executive Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Adam Desmond, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Selectis Health, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2025

/s/ Adam Desmond
Adam Desmond, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Adam Desmond, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Selectis Health, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2025

/s/ Adam Desmond

Adam Desmond, Chief Executive Officer
(Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Selectis Health, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Adam Desmond, Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 20, 2025

/s/ Adam Desmond
Adam Desmond, Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Selectis Health, Inc.
Certification Pursuant to
18 U.S.C. Section 1350
(as Adopted Pursuant to Section 906 of
the Sarbanes-Oxley Act Of 2002)

In connection with the Quarterly Report of Selectis Health, Inc. (the "Company") on Form 10-Q for the quarter period ended March 31, 2025, as filed with the Securities and Exchange Commission (the "Report"), I, Adam Desmond, Chief Financial Officer (Principal Accounting Officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 20, 2025

/s/ Adam Desmond
Adam Desmond, Chief Executive Officer
(Principal Accounting Officer)