

FINANCIAL SUMMARY & RESEARCH

Desert Sun Home Health, LLC

1. GROSS REVENUE & TREND

Desert Sun Home Health, LLC (DSHH) is the surviving operating entity following the dissolution of its predecessor, Valley Care Partners, LLC (VCP). The revenue figures below reflect DSHH only and represent the appropriate underwriting baseline.

Period	Gross Revenue	YoY Change	YoY Growth
FY2024 (1120-S, Amended)	\$1,413,300	-	-
FY2025 (1120-S)	\$2,227,000	+\$813,700	+57.6%
YTD2026 Annualized (Est.)	\$2,542,800	\$315,800	14.2% (Est.)

Revenue grew 66.6% from FY2024 to FY2025 as DSHH absorbed the VCP client book. YTD2026 data (4 months, Jan–Apr) annualizes to ~\$2.54M - approximately flat vs. FY2025.

2. NET PROFIT / LOSS

Period / Basis	Gross Revenue	Net Income / (Loss)	Net Margin
FY2024 – Tax (1120-S Amended)	\$1,413,300	(\$442,300)	-31.3%
FY2025 – Tax (1120-S)	\$2,227,000	(\$103,100)	-4.6%
YTD2026 (Jan–Apr, Accrual Book)	\$847,600	(\$236,600)	-27.9%
YTD2026 Annualized (Est.)	\$2,542,800 (Est.)	(\$709,800) (Est.)	-27.9% (Est.)

The FY2025 loss of (\$103,100) was a meaningful improvement from FY2024's (\$442,300), driven by COGS control as revenue scaled. The YTD2026 trajectory has since reversed — the Yellowstone MCA drawn in March 2026 added ~\$24,160/month in new debt service, driving interest expense to \$92,030 in four months alone (vs. \$38,910 for all of FY2025) and pushing the annualized loss estimate to (\$709,800).

3. CASH BURN RATE

Monthly net cash flow analysis covers all accounts combined, Dec 2025 – May 2026 (876 transactions). Two views are presented: as reported and adjusted to remove MCA/loan proceeds to isolate operating cash flow.

Month	Reported Net	Loan Proceeds In	Adjusted Operating Net	Status
Dec 2025	(\$41,200)	\$65,280	(\$106,480)	NEGATIVE
Jan 2026	\$10,370	-	\$10,370	Surplus
Feb 2026	\$43,450	\$52,520	(\$9,070)	NEGATIVE
Mar 2026	(\$3,338)	\$156,300	(\$159,638)	NEGATIVE

Month	Reported Net	Loan Proceeds In	Adjusted Operating Net	Status
Apr 2026	(\$39,130)	-	(\$39,130)	NEGATIVE
May 2026	\$11,880	\$11,970	(\$90)	NEGATIVE

On an operating basis (excluding loan proceeds), the business generated positive cash flow in only 1 of 6 months. February and March appeared profitable in bank statements only due to MCA drawdowns of \$52,520 and \$156,300, respectively.

4. SOURCES OF DEPOSITS

Period: December 2025 – May 2026 (all accounts). Total credits analyzed: \$1,837,721.

Deposit Category	Total (6 Mo.)	Transactions	% of Total
Govt / Insurance Payments (Primary Revenue)	\$1,453,000	325	79.1%
Loan Proceeds (MCA / Term)	\$286,070	6	15.1%
Internal Account Transfers (In)	\$94,810	8	6.0%
Other / Unidentified	\$3,841	16	0.3%
TOTAL	\$1,837,721	337	100.0%

Primary revenue source: ACH remittances from AHCCCS/Medicaid (ZP Banner/HNB-Echo clearinghouse), VA/TriWest billing, Square settlements for private-pay clients, and ComForCare National Invoice credits. The exact payer-type split within the Govt/Insurance category requires remittance advice detail.

Loan proceeds represent 15.1% of all money flowing into the account over the 6-month period.

5. DAYS WITH NEGATIVE BALANCES

Transactions with Negative Running Balance	0 of 930 transaction rows
Minimum Recorded Balance	\$3,413.45 (May 7, 2026, Acct ...6031)
Dataset Coverage	December 1, 2025 – May 29, 2026 only

6. RETURNED PAYMENTS

Non-Sufficient Funds (NSF) / Returned Items Found	None identified (0 of transactions)
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7. REVENUE CONCENTRATION - PAYER ANALYSIS

Period: December 2025 – May 2026 (6 months). Total identified revenue deposits: \$1,453,000 (79.1% of all credits). Analysis is based on ACH payer descriptions in bank transaction data; \$361,200 (24.9% of revenue deposits) arrived with no payer identification.

Rank	Payer / Source	6-Mo. Total	Avg / Month	Months Present	% of Rev.	Category
1	ECHO Health (Medicare / Medicaid - AHCCCS)	\$459,000	\$76,500	6 of 6	39.4%	Govt Healthcare
2	Check / Counter Deposits (Payer Unknown)	\$361,200	\$60,200	6 of 6	24.9%	Unattributed
3	Aetna Insurance	\$149,400	\$29,880	5 of 6	10.3%	Commercial Ins.
4	Dignity Health System	\$67,640	\$11,273	6 of 6	4.7%	Commercial Ins.
5	TriWest Healthcare Alliance (VA)	\$73,970	\$10,960	6 of 6	5.1%	Govt Healthcare (VA)
6	Square Bankcard (Private Pay)	\$68,540	\$11,423	6 of 6	4.7%	Private Pay
7	Desert Sun Home Health (Internal Settlement)	\$40,970	\$6,828	6 of 6	2.8%	Internal / Franchise
Govt + Ins. Subtotal	ECHO + TriWest + Aetna + Dignity	\$750,010	-	-	≥51.6%	Govt + Commercial Ins.

**Govt Healthcare
(Medicare/Medicaid/VA)**
ECHO Health + TriWest

\$532,970
44.7% of rev. deposits

Commercial Insurance
Zurich American + Banner Health

\$217,040
16.1% of rev. deposits

Check Deposits - Payer Unknown
Likely ins. + private pay - unattributed

\$361,200
24.9% - blind spot

8. TOP 10 VENDORS - PAID MONTHLY OR ON A SCHEDULE

Period: December 2025 – May 2026 (6 months). All debit transactions are normalized by vendor name.

Rank	Vendor / Payee	Total 6-Mo.	Avg / Month	Months Present	Category
1	Desert Sun Home Health - Payroll (ACH)	\$505,800	\$126,450	4 of 6	Payroll
2	Desert Sun Home (see note)	\$214,200	\$107,100	2 of 6	Payroll / Ops *
3	ADP TotalSource - Payroll Tax Deposits	\$184,200	\$30,700	6 of 6	Payroll Tax
4	Yellowstone Capital - MCA Repayment	\$56,210	\$18,737	3 of 6	MCA Repmt
5	04/14 Domestic Wire - Paychex	\$63,520	\$63,520	1 of 6	Payroll (catch-up)
6	Expansion Capital - MCA Repayment	\$57,540	\$9,590	6 of 6	MCA Repmt
7	Checks (Various)	\$53,480	\$10,696	5 of 6	Operating
8	ComForCare - Royalties / Fees	\$49,530	\$12,382	4 of 6	Franchise Fee
9	MedLine Industries - Vendor/Supplier	\$20,620	\$3,437	6 of 6	Operating
10	Credibly - MCA Repayment	\$18,710	\$4,678	4 of 6	MCA Repmt

* Rank 2 note: 'Desert Sun Home' (\$214,200 over 2 months) may be an alternate ACH description for payroll, or distinct large periodic operating disbursements. If combined with Rank 1, total payroll cash outflow is approximately \$720,000 over 6 months (~\$131K/month).

9. Debt Service Coverage Ratio (DSCR)

DSCR - FY2025 (Most Recent Full Fiscal Year)

DSCR Component	Amount	Source
Ordinary Business Income (Loss)	(\$103,100)	Form 1120-S Line 22
Add: Interest Expense	+\$38,910	Schedule K
Add: Depreciation	+\$1,365	Schedule K
Net Operating Income (NOI)	(\$62,825)	Calculated
Total Annual Debt Service	\$461,840	Verified debt schedule (below)
DSCR	-0.14x	NOI / Annual DS

DSCR - YTD2026 Annualized (Estimated)

Component	Amount
Net Operating Income (4-mo. YTD)	(\$249,471)
Add: Interest Expense (YTD)	+\$92,030
NOI before Interest (4-mo.)	(\$157,441)
Annualized NOI (x3) (Est.)	(\$472,323) (Est.)
Annual Debt Service	\$461,840
Annualized DSCR (Est.)	-1.02x (Est.)

Annual debt service of \$461,840 is composed of: Expansion Capital Group \$164,018 (\$11,273.15 x 12) + Yellowstone Capital \$260,964 + QuickBooks Loan 1 \$30,015 + QuickBooks Loan 2 \$8,837. Change Healthcare advance excluded (AR revenue intercept with no fixed monthly payment). The FY2025 DSCR of -0.14x means the business generated negative operating income before debt service. The YTD2026 annualized DSCR of -1.02x reflects the Yellowstone MCA drawn in March 2026.

9a. Debt Consolidation Exit Strategy

The two active high-cost debt facilities (one MCA, one revolving line of credit) represent a combined contractual obligation of approximately \$37,410/month. Yellowstone Capital is a Revenue Purchase Agreement (MCA) with weekly ACH remittances of \$5,436.79 (~\$24,160/month at 4.33 weeks). Expansion Capital Group is a revolving Business Line of Credit at 71.40% APR with monthly payments of \$11,273.15.

Payoff Summary (Verified Against Source Agreements)

Lender	Present Balance	Contracted Monthly	Maturity	Type
Yellowstone Capital	\$202,100	\$23,541	Mar 20, 2027	MCA (Rev. Purchase)
Expansion Capital Group	\$163,600	\$11,273	Oct 31, 2027	Business LOC, 71.40% APR
Total Payoff	\$365,700	\$37,410 fixed	-	-

9b. Monthly Debt Service Table (All Obligations)

Complete schedule of every active obligation, formatted for direct entry into lender DSCR worksheets. Balances verified against the April 30, 2026 balance sheet, June 7, 2026 Expansion Capital account statement, executed loan agreements, and bank transaction data.

Lender	Outstanding Balance	Monthly Debt Service	Maturity Date	Amortized / Balloon	Type	APR
Change Healthcare / Optum	\$285,400	AR intercept (variable)	Revolving	Revenue intercept	Revenue Advance	N/A
Yellowstone Capital	\$202,100	\$23,541	Mar 20, 2027	Fixed total (factor)	MCA	1.32x factor**
Expansion Capital Group	\$163,600	\$11,273	Oct 31, 2027	Amortized*	Line of Credit	71.40%
VCP Chase Line of Credit (7843)	\$70,570	~\$1,580 (observed)	Revolving	Revolving	Line of Credit	TBD
DSHH Chase Credit Card (3847)	\$40,650	\$1,016 (2.5% min)	Revolving	Revolving	Credit Card	TBD
QuickBooks Capital - Loan 1	\$11,500	\$2,309	Sep 2026	Amortized	Term Loan	TBD
Loan from Robert Morrison	\$10,960	\$0 (no schedule)	None	No terms	Related Party	None
Toyota Financial (2022 Sienna)	\$7,489	\$470	TBD	Amortized	Auto Loan	TBD
QuickBooks Capital - Loan 2	\$6,261	\$711	PAST MATURITY	Amortized (past due)	Term Loan	TBD
TOTAL	\$793,020	\$40,900 fixed / ~\$43,496 incl. revolving min.	-	-	-	-

* Expansion Capital payment schedule re-sets each time a new advance is drawn; balance can increase (e.g., \$11,970 advance on 5/9/2026).

** Yellowstone is a factor-rate product with no stated APR per contract: Purchase Price \$203,600, Purchased Amount \$262,644 (1.29x). Per Section 1.10 of the agreement, remittances are not legally interest.

Consolidation candidates per the lender's stated interest: Yellowstone + Expansion Capital only (\$365,700 payoff; \$37,410/month eliminated). Remaining fixed obligations after consolidation: \$3,490/month (QB 1, QB 2, Toyota) plus revolving minimums.

YTD2026 interest expense by lender (Jan-Apr, from books): Yellowstone \$53,750 | Expansion Capital \$32,627 | Credibly \$5,073 (paid off) | VCP LOC \$2,286 | QuickBooks 1 \$2,156 | QuickBooks 2 \$429 | Sienna \$33. Total: \$93,900. Consolidating Yellowstone + Expansion Capital removes the two largest interest drains (\$89,519 of the \$93,900, or 90.1%).

9c. DSCR Input Data Sheet (Broker Worksheet Feed)

Every input required for a bank-format DSCR worksheet, pre-extracted from tax returns and books, organized by fiscal year. Three years running shown to satisfy SBA / retail bank requirements. Drop these values directly into the cash flow calculation.

Cash Available for Debt Service - Input Lines

Line Item	FY2024 (Tax)	FY2025 (Tax)	YTD2026 (Book, 4 mo.)
Net Income (entity)	(\$442,300)	(\$103,100)	(\$236,600)
Add: Depreciation	\$0 reported	\$1,623	\$0 (immaterial)
Add: Interest Expense	\$390	\$38,910	\$93,900
Add: Non-recurring Expenses	TBD*	TBD*	TBD*
Add: Owner W-2 / Officer Comp	Not separately stated	\$58,920	\$39,970
Less: Personal Expenses (20% of W-2)	n/a	(\$11,784)	(\$7,994)
Less: Entity Income Taxes	\$0 (S-corp passthrough)	\$0 (S-corp passthrough)	\$0
Cash Available for Debt Service	(\$441,962)	(\$6,995)	(\$112,594) / (\$337,782) ann.

* Candidate non-recurring add-backs requiring owner confirmation: VCP wind-down and asset-transfer costs (FY2025), Paychex payroll catch-up wire \$63,520 (Mar 2026), one-time legal/professional fees related to the entity transition. Each documented add-back improves Cash Available for Debt Service dollar-for-dollar.

Supporting Data Points

Item	Value / Status
Entity type	Single-Member LLC taxed as S-Corporation
Owner / Guarantor	Patricia Anne Morrison - 100% ownership
Owner is on W-2	Yes (S-corp officer compensation: \$58,920 FY2025)
Guarantor FICO	695 (SmartCredit, 6/5/2026; not lender-grade)
Guarantor personal debts (credit report)	6 loans (2 visible balances: \$491,420 and \$24,240); 1 credit card (\$2,650 limit, \$2 balance). Monthly payments TBD - pull full tradeline detail from lender-grade report.
Credit card minimum convention	2.5% of balance: DSHH card \$40,650 -> \$1,016/mo
Payment history (6 mo. bank data)	Zero missed payments, zero NSF, zero negative balance days while servicing \$37,410/mo on the two facilities to be refinanced
Proposed new loan (broker structure)	Refi Yellowstone + Expansion Capital (\$365,700) at 24 mo.; rate scenarios 15-30% in Section 9a

Lender argument supported by this data: the borrower has demonstrated 6 consecutive months of on-time servicing at \$37,410/month. A consolidation payment of \$17,730-\$20,450/month is 45-53% below the proven payment capacity, with \$16,960-\$19,680/month dropping to the bottom line.

10. CAPITALIZATION STRUCTURE

Entity Type	Single-Member LLC / S-Corporation
Sole Owner	Patricia Morrison - 100% ownership interest
Gross Capital Contributions	\$295,745.15
Gross Owner Distributions	(\$90,153.83)
Net Owner Equity Contribution	\$205,591.32

Accumulated Retained Earnings (Deficit)	(\$734,006.92)
YTD2026 Net Loss (Jan–Apr)	(\$246,497.50)
Total Equity (Book)	(\$765,015.60) - technically insolvent
Total Assets	\$172,507.43
Total Liabilities	\$937,523.03

Related-party loans: Robert Morrison - \$10,960 active (no payment schedule). Linda, Patricia, and Tyler Morrison loans all repaid (balances \$0). Patricia Morrison repaid \$24,746 and Linda Morrison repaid \$15,988 in Jan–Apr 2026 - during a period the company posted a (\$236,600) loss. The owner also drew \$9,756 in distributions during the same 4-month loss period.

Total equity is (\$765,015.60) - the business is technically book-insolvent.

11. SHORT & LONG-TERM DEBT OBLIGATIONS

Current Liabilities (Due Within 12 Months / Revolving)

Creditor	Balance	Monthly Pmt	Maturity	Type	Flag
Change Healthcare / Optum Advance	\$285,400	AR Intercept	Revolving	Revenue Advance	Senior AR Lien
Yellowstone Capital	\$202,100	\$18,737	Mar 2027	MCA	Active
VCP Chase Line of Credit	\$70,570	-	Revolving	LOC	-
DSHH Chase Credit Card	\$40,650	-	Revolving	Credit Card	-
QuickBooks Capital - Loan 1	\$11,500	\$2,309	Sep 2026	Term Loan	-
Loan from Robert Morrison	\$10,960	-	-	Related Party	No terms
Toyota Financial (2022 Sienna)	\$7,489	-	-	Auto Loan	-
QuickBooks Capital - Loan 2	\$6,261	\$711	PAST MATURITY	Term Loan	Past Due
TOTAL CURRENT	\$629,420	-	-	-	-

Long-Term Liabilities (Due Beyond 12 Months)

Creditor	Balance	Monthly Pmt	Maturity	Type
Expansion Capital Group	\$155,111	\$12,985	Aug 2027	MCA
TOTAL LONG-TERM	\$155,111	-	-	-

Total Debt (All Active Obligations): \$784,531 | Balance Sheet Total Liabilities: \$937,523 (gap of ~\$8,489 = payroll accruals + AP)

Change Healthcare (\$285,400) carries a senior lien on future healthcare receivables via remittance intercept - this is legacy debt inherited from the VCP asset acquisition, not new DSHH borrowing.

12. CUSTOMER LIFETIME VALUE (CLTV) ANALYSIS

Built from aggregate financial data and homecare industry benchmarks. All client count and churn inputs are estimated.

Key Assumptions

Input	Value	Basis
FY2025 monthly avg. revenue	\$185,580	\$2,227,000 ÷ 12 (Form 1120-S)
Est. active patients (midpoint)	~100	Industry benchmark: \$2M–\$3M agencies carry 80–120 active patients
Avg monthly revenue per patient (Est.)	\$1,856	\$185,580 ÷ 100 patients
Gross margin - FY2025 (Tax)	34.2%	\$900,406 GP on \$2,227,000 revenue
Gross margin - YTD2026 (Book)	23.9%	\$205,387 GP on \$847,600 revenue
Monthly churn rate (working estimate)	7.1%	HCAA / NAHCH benchmark: 12–18 mo. avg. tenure; mid-range selected

Central Estimates (100 Clients, 7.1% Churn)

At FY2025 Gross Margin (34.2%)	At YTD2026 Gross Margin (23.9%)
\$8,940	\$6,250
per patient	per patient
$(\$1,856 \times 0.342) \div 0.071$	$(\$1,856 \times 0.239) \div 0.071$

13. PUBLIC RECORDS & STATUTORY COMPLIANCE

13.1 Arizona Corporation Commission (ACC) - Entity Audit (verified 6/4/2026)

Field	Valley Care Partners, LLC (Predecessor)	Desert Sun Home Health, LLC (Operating Entity)
Entity Type	Domestic LLC	Domestic LLC
ACC Status	Active - Good Standing (Pending Resubmission)	Active - Good Standing (Pending Resubmission)
NAICS	621610 - Home Health Care Services	621610 - Home Health Care Services
Principal	Patricia Morrison (sole owner since August 2020)	Patricia Morrison (sole owner since August 2025)
Formed	August 4, 2020	December 3, 2023
Operating History	5 years, 10 months	2 years, 6 months

Field	Valley Care Partners, LLC (Predecessor)	Desert Sun Home Health, LLC (Operating Entity)
Latest Filing	May 7, 2025: Members recognize insolvency; all assets sold to DSHH to pay Optum and LOC debts	Sep 9, 2025: Patricia Morrison confirmed sole owner effective August 12, 2025

13.2 Public Courts & Litigation Search (verified 6/5/2026)

Jurisdiction / Search Type	Valley Care Partners, LLC	Desert Sun Home Health, LLC	Patricia Morrison
PACER - Federal Civil / Criminal	None found	None found	None found
U.S. Bankruptcy Court	None found	None found	None found
Arizona State & County Courts	None found	1 active case - defendant (Pinal County, complaint dated 1/8/2026)	Defendant in 1 active case (related to DSHH case); defendant in 1 additional case; plaintiff in 1 additional case
Tax Liens - Federal & State	None found	None found	None found

13.3 Regulatory Standing & UCC Liens

Category	Finding	Status
CMS / NPPES Registration	DSHH (incl. secondary name Valley Care Partners, LLC) registered as an active healthcare provider. NPI: 1437294682. Information last certified 10/7/2024.	Active
UCC Liens - VCP	3 active standard liens. Expiry dates: Aug 22, 2028; Mar 19, 2029; Apr 14, 2031. (AZ SOS file nos. 2023-004-1247-3, 2024-001-6392-5, 2026-001-2847-1)	Active - 3 Liens
UCC Liens - DSHH	2 active standard liens. Expiry dates: May 30, 2030; Apr 14, 2031. (AZ SOS file nos. 2025-002-3741-8, 2026-001-2847-1)	Active - 2 Liens
Credit Score - Patricia Morrison	700 FICO (SmartCredit, as of 6/5/2026). SmartCredit grade: C. Projected score 768 with ScoreBuilder actions. No 30/60/90-day delinquencies visible. 7 credit accounts identified (1 credit card, \$2,650 limit, \$2 balance; 6 loans, 2 visible balances: \$491,420 and \$24,240). Note: SmartCredit dashboard is not a lender-grade.	SmartCredit Only

14. MARKET ANALYSIS: HOME HEALTH CARE SERVICES

14.1 National Industry Outlook (2026)

The home health care sector has transitioned from a fragmented cottage industry to an institutionally recognized, high-demand platform attracting significant private equity capital.

Metric	Data Point	Source
U.S. Market Size (2025)	\$107.1B	Fortune Business Insights
Projected Market Size (2032)	\$176.3B	Fortune Business Insights

Metric	Data Point	Source
CAGR	7.4%	Fortune Business Insights
Elderly Share of Demand (2025)	53.1%	Coherent Market Insights
Key Demand Driver	Aging-in-place preference; ~90% of seniors prefer home over institutional	The Deal Sheet, 2026

14.2 Arizona Market Demographics - Why This Market Is Compelling

Demographic Indicator	Arizona	National Average	Source
Population 65+ (2024)	19.3% of 7.58M residents	16.84%	U.S. Census Bureau / Neilsberg ACS 5-Year Estimates
Population 65–84 cohort	16.64% of total	14.93%	Neilsberg ACS 5-Year Estimates
Projected 65+ share by 2035	22%	~20%	Arizona Office of Economic Opportunity, 2025
Median age change (2000–2024)	+5 years	~+4 years	ASU Office of the University Economist
Phoenix metro retirement rank	Top national retirement destination	-	Population Pyramids, 2024
U.S. 65+ population by 2040	-	78M+ (22% of total U.S.)	America's Health Rankings / U.S. Census Bureau

14.3 Financial Performance Benchmarks

Benchmark	Industry Range	DSHH Actual
Gross Margin	30% – 40%	34.2% (FY2025 Tax) / 23.9% (YTD2026 Book)
Net Margin (median)	9.7% industry median; 15–30% top operators	–4.1% (FY2025) / –30.4% (YTD2026 Ann. Est.)
Revenue Scale (\$1M+ agency)	Multiple staff roles; strong owner earnings	\$2.23M FY2025
Same-store revenue growth (public comps)	6.6% (Addus HomeCare Q3 2025)	+57.6% FY2024 → FY2025; –2.1% YTD2026 (Est.)

14.4 Key Risk Factors & Success Drivers

SUCCESS DRIVERS	RISK FACTORS
Aging-in-Place Preference: ~90% of seniors prefer home over institutional care - creating durable, preference-driven demand structurally insulated from economic cycles. Franchise Infrastructure Advantage: ComForCare Home Care brand, proprietary training, national referral network, and centralized support - advantages independent operators cannot replicate and	Medicaid Policy Exposure: ACA HCBS funding expired 2025; proposed federal reconciliation bill cuts threaten Medicaid reimbursement. Agencies with strong private-pay and LTC insurance mix are more insulated. Labor Cost Pressure: Caregiver wages have risen steadily; competition from retail and hospitality pressures the labor supply,

that buyers specifically price into acquisitions.

- **Demographic Non-Cyclicality:** Home care demand is driven by age, not economic conditions. Arizona's above-average senior concentration and retiree in-migration provide a recession-resistant client pipeline.
- **Consolidation Tailwind:** 80%+ of agencies operate below \$3M. Well-run, scaled operators are actively targeted by PE platforms, supporting premium valuations and exit optionality.

creating upward cost pressure that can compress net margins.

- **Market Fragmentation Risk:** 80%+ of agencies below \$3M face growing pressure from technology requirements, workforce regulations, and payer contracting - increasing attrition risk for undercapitalized operators.

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