

**PHI (D.B.A. Presbyterian Senior Living)**Consolidated Statements of Financial Position  
September 30, 2022 and December 31, 2021

|   | <b>September 30<br/>2022</b> | <b>December 31<br/>2021</b> |
|---|------------------------------|-----------------------------|
| <b>Assets</b>   |                              |                             |
| Cash and cash equivalents   | \$ 5,308,438                 | \$ 18,168,017               |
| Investments   | 86,956,546                   | 109,337,247                 |
| Restricted deposits and funded reserves   | 25,164,745                   | 24,981,579                  |
| Accounts receivable, net  | 9,245,971                    | 12,697,887                  |
| Assets whose use is limited   | 48,482,003                   | 55,954,944                  |
| Assets held for sale  | 4,893,722                    | 900,000                     |
| Property and equipment, net   | 533,574,159                  | 540,023,548                 |
| Funds held in trust by others   | 17,075,120                   | 21,414,680                  |
| Other assets  | 23,789,282                   | 25,200,846                  |
| Total assets  | <u>\$ 754,489,987</u>        | <u>\$ 808,678,748</u>       |
| <b>Liabilities and Net Assets</b>   |                              |                             |
| Accounts payable  | \$ 8,032,628                 | \$ 12,756,185               |
| Accrued expenses  | 14,207,019                   | 18,398,390                  |
| Lines of credit   | 17,137,813                   | 20,593,443                  |
| Resident deposits   | 3,740,344                    | 3,362,691                   |
| Entrance fee payable  | 20,656,481                   | 20,773,675                  |
| Other liabilities   | 8,221,901                    | 9,583,218                   |
| Cares act funding liabilities   | 20,520                       | 4,615,350                   |
| Long-term debt, senior living   | 280,173,665                  | 294,450,289                 |
| Long-term debt, low income housing  | 32,698,346                   | 32,826,604                  |
| Deferred revenue from entrance fees   | 126,688,748                  | 121,601,721                 |
| Total liabilities   | <u>511,577,465</u>           | <u>538,961,566</u>          |
| <b>Net Assets</b>   |                              |                             |
| Without donor restriction (including tax credit equity of<br>\$64,608,590 and \$67,295,958, respectively) | 215,324,558                  | 238,499,391                 |
| With donor restriction  | <u>27,587,965</u>            | <u>31,217,791</u>           |
| Total net assets  | 242,912,523                  | 269,717,182                 |
| Total liabilities and net assets  | <u>\$ 754,489,988</u>        | <u>\$ 808,678,748</u>       |

**PHI (D.B.A. Presbyterian Senior Living)**

Consolidated of Operations and Changes in Net Assets

Periods ended September 30 2022 and year ended December 31, 2021

|   | <u>September 30<br/>2022</u> | <u>December 31<br/>2021</u> |
|---|------------------------------|-----------------------------|
| <b>Net Assets Without Donor Restrictions</b>                      |                              |                             |
| Revenues, gains and other support:                                |                              |                             |
| Resident services:  |                              |                             |
| Resident services   | \$ 145,452,506               | \$ 200,148,787              |
| Amortization of entrance fees                                     | 13,211,203                   | 20,386,341                  |
| Total resident services   | 158,663,709                  | 220,535,128                 |
| Sales of other services and materials                             | 9,384,896                    | 76,575                      |
| Net rental income and developers' fees                            | 262,626                      | 1,073,752                   |
| Contributions, gifts, grants and bequests                         | 547,292                      | 7,879,638                   |
| Other revenues  | 788,195                      | 5,742,262                   |
| Government grant  | 2,000,000                    | 11,823,109                  |
| Revenues from provider relief funds                               | 470,396                      | 5,511,023                   |
| Net assets released from restrictions                             | 391,066                      | 1,055,711                   |
| Total operating revenues and other support                        | 172,508,180                  | 253,697,198                 |
| Expenses:   |                              |                             |
| Nursing services  | 42,055,932                   | 57,977,833                  |
| Rehabilitation  | 13,068,233                   | 13,672,434                  |
| Recreation and special services                                   | 3,246,344                    | 4,643,400                   |
| Pharmacy  | 2,253,856                    | 2,755,771                   |
| Social services   | 1,214,507                    | 1,584,163                   |
| Physician services  | 543,666                      | 767,482                     |
| Food services   | 17,177,023                   | 24,256,149                  |
| Building operations and maintenance                               | 28,072,605                   | 37,388,810                  |
| Housekeeping  | 2,795,659                    | 4,209,356                   |
| Laundry and linen   | 774,463                      | 1,224,705                   |
| Management and general  | 25,203,057                   | 34,819,466                  |
| Employee benefits   | 9,429,911                    | 9,880,143                   |
| Interest  | 6,532,249                    | 8,730,930                   |
| Depreciation  | 23,844,808                   | 30,872,924                  |
| Amortization  | 1,192,282                    | 483,389                     |
| Fundraising   | 720,412                      | 887,982                     |
| Total expenses before non-recurring expenses                      | 178,125,008                  | 234,154,937                 |
| Non-recurring expenses, COVID-19                                  | 1,258,218                    | 2,244,313                   |
| Operating income (loss) before gains and losses                   | (6,875,046)                  | 17,297,948                  |
| Gain on sale of community and disposals of property and equipment | 65,883                       | 10,962,063                  |
| Loss on impairment of asset                                       | -                            | (3,550,230)                 |
| Operating income (loss)   | (6,809,163)                  | 24,709,781                  |
| Other income (loss):  |                              |                             |
| Investment income   | 1,781,738                    | 2,973,283                   |
| Realized gain on investments                                      | 1,177,638                    | 3,833,422                   |
| Unrealized (loss) gain on investments                             | (20,738,806)                 | 11,847,575                  |
| Loss on early extinguishment of debt                              | -                            | (1,518,104)                 |
| Equity from acquisition   | -                            | 1,689,406                   |
| Total other income (loss)   | (17,779,430)                 | 18,825,582                  |
| Revenues (less than) in excess of expenses                        | (24,588,593)                 | 43,535,363                  |
| Equity received from tax credit limited partners                  | 1,224,935                    | 12,360,537                  |
| Grant revenue - capital   | 188,827                      | -                           |
| (Decrease) increase in net assets without donor restrictions      | (23,174,832)                 | 55,895,900                  |

**PHI (D.B.A. Presbyterian Senior Living)**

Consolidated of Operations and Changes in Net Assets

Periods ended September 30 2022 and year ended December 31, 2021

|   | <u>September 30</u><br><u>2022</u> | <u>December 31</u><br><u>2021</u> |
|---|------------------------------------|-----------------------------------|
| <b>Net Assets With Donor Restrictions</b>                 |                                    |                                   |
| Contributions, gifts, grants and bequests                 | \$ 1,060,299                       | \$ 750,006                        |
| Investment income, net of investment expense              | 97,552                             | 91,951                            |
| Unrealized (loss) gain on investments                     | (4,396,613)                        | 1,664,177                         |
| Net assets released from restrictions                     | <u>(391,066)</u>                   | <u>(1,055,711)</u>                |
| (Decrease) increase in net assets with donor restrictions | <u>(3,629,828)</u>                 | <u>1,450,423</u>                  |
| (Decrease) increase in net assets                         | (26,804,659)                       | 57,346,323                        |
| <b>Net Assets, Beginning</b>                              | <u>269,717,182</u>                 | <u>212,370,859</u>                |
| <b>Net Assets, Ending</b>                                 | <u>\$ 242,912,523</u>              | <u>\$ 269,717,182</u>             |

**PHI (D.B.A. Presbyterian Senior Living)**

## Consolidated Statements of Cash Flows

Periods ended September 30, 2022 and year ended December 31, 2021

|  | <b>September 30<br/>2022</b> | <b>December 31<br/>2021</b> |
|--|------------------------------|-----------------------------|
| <b>Cash Flows From Operating Activities</b>  |                              |                             |
| (Decrease) increase in net assets  | \$ (26,804,659)              | \$ 57,346,323               |
| Adjustments to reconcile increase in net assets to<br>net cash provided by operating activities:   |                              |                             |
| Depreciation   | 23,844,808                   | 30,872,924                  |
| Provision for doubtful collections   | 756,062                      | 1,439,800                   |
| Proceeds from non-refundable entrance fees and deposits  | 20,060,686                   | 22,095,931                  |
| Amortization of entrance fees  | (13,211,203)                 | (20,386,341)                |
| Loss on early extinguishment of debt   | -                            | 1,518,104                   |
| Unrealized loss (gain) on investments and<br>change in fair value of funds held in trust by others | 25,135,418                   | (13,511,752)                |
| Realized gain on investments   | (1,177,638)                  | (3,833,422)                 |
| Gain on sale of communities and property and equipment   | (65,883)                     | (10,962,063)                |
| Contributions restricted for long-term purposes  | (194,823)                    | (74,871)                    |
| Amortization of deferred financing costs   | 137,426                      | 187,427                     |
| Amortization of bond premium   | (305,411)                    | (218,313)                   |
| Loss on impairment of asset  | -                            | 3,550,230                   |
| Changes in assets and liabilities:   |                              |                             |
| Accounts receivable  | 3,849,415                    | (1,672,211)                 |
| Entrance fee receivable  | (1,154,305)                  | 1,167,573                   |
| Other assets   | 1,411,764                    | (1,320,398)                 |
| Accounts payable   | (4,931,488)                  | (3,077,662)                 |
| Accrued expenses   | 1,448,961                    | (3,643,823)                 |
| Other liabilities  | (1,746,820)                  | 1,173,839                   |
| Cares act funding liabilities  | (4,594,830)                  | (12,545,783)                |
| Net cash provided by operating activities  | <u>22,457,480</u>            | <u>48,105,512</u>           |
| <b>Cash Flows From Investing Activities</b>  |                              |                             |
| Acquisition of property and equipment  | (21,278,374)                 | (35,090,417)                |
| Proceeds from sale of communities and property and equipment                                       | 200,211                      | 25,300,000                  |
| Amounts paid in acquisitions   | -                            | (11,095,000)                |
| Purchases of investments   | (37,393,590)                 | (48,732,820)                |
| Proceeds from sale of investments  | <u>42,153,373</u>            | <u>43,598,858</u>           |
| Net cash used in investing activities  | <u>(16,318,380)</u>          | <u>(26,019,379)</u>         |
| <b>Cash Flows From Financing Activities</b>  |                              |                             |
| Refunds of entrance fees and deposits  | (3,940,823)                  | (6,542,091)                 |
| Proceeds from refundable entrance fees and deposits, resales                                       | 1,775,375                    | 1,708,110                   |
| Proceeds from refundable entrance fees and deposits, new units                                     | 664,475                      | 8,779,487                   |
| Principal payments on redemptions of long-term debt  | (11,769,360)                 | (16,641,931)                |
| Proceeds from issuance of long-term debt   | 2,405,106                    | 33,951,071                  |
| Proceeds from bond premium   | -                            | 7,151,245                   |
| Refunding, refinancing or payoff of long-term debt   | (5,272,645)                  | (18,160,721)                |
| Redemption of treasury bonds   | 400,000                      | (225,000)                   |
| Financing costs paid   | -                            | (1,093,589)                 |
| (Repayments) borrowings on lines of credit   | (3,455,630)                  | 1,381,031                   |
| Contributions restricted for long-term purposes  | <u>194,823</u>               | <u>74,871</u>               |
| Net cash (used in) provided by financing activities  | <u>(18,998,680)</u>          | <u>10,382,483</u>           |
| Net change in cash, cash equivalents and restricted cash   | (12,859,579)                 | 32,468,616                  |
| <b>Cash, Cash Equivalents and Restricted Cash and<br/>Cash Equivalents, Beginning</b>              | <u>85,598,355</u>            | <u>53,129,739</u>           |
| <b>Cash, Cash Equivalents and Restricted Cash and<br/>Cash Equivalents, Ending</b>                 |                              |                             |
| Unrestricted   | 5,308,438                    | 18,168,017                  |
| Restricted   | 67,430,338                   | 67,430,338                  |
| Cash and cash equivalents included in investments  | <u>\$ 72,738,776</u>         | <u>\$ 85,598,355</u>        |