

PRESBYTERIAN HOMES IN THE PRESBYTERY OF HUNTINGDON

Statements of Financial Position

August 31, 2018 and December 31, 2017

| Assets | August 31, 2018 | December 31, 2017 |
|---|----------------------------|------------------------------|
| Cash and cash equivalents | \$ 42,191 | 36,811 |
| Investments | 9,723,211 | 10,404,340 |
| Statutory liquid reserves | 800,964 | 800,439 |
| Accounts receivable, net | 4,351,215 | 4,593,314 |
| Prepaid expenses | 273,777 | 185,108 |
| Assets whose use is limited | 2,163,976 | 2,163,976 |
| Property and equipment (net of accumulated depreciation of \$38,376,281 and \$36,852,312 respectively) | 43,763,578 | 44,350,740 |
| Assets under capital lease (net of accumulated depreciation of \$334,188 and \$295,809) | 165,778 | 84,992 |
| Due from affiliated entites | 16,750,750 | 14,081,592 |
| Assets held in trust by others | 744,234 | 730,242 |
| Total assets | <u>\$ 78,779,674</u> | <u>77,431,554</u> |

PRESBYTERIAN HOMES IN THE PRESBYTERY OF HUNTINGDON

Statements of Financial Position

August 31, 2018 and December 31, 2017

| Liabilities and Net Assets | August 31, 2018 | December 31, 2017 |
|-----------------------------------|----------------------------|------------------------------|
| Accounts payable | \$ 688,512 | 1,043,540 |
| Accrued expenses | 3,200,668 | 3,312,798 |
| Accrued interest | 8,501 | 9,520 |
| Resident deposits | 128,250 | 101,500 |
| Entrance fee payable | 715,519 | 783,596 |
| Deferred revenue – entrance fees | 10,559,334 | 9,797,914 |
| Annuities payable | 14,423 | 15,702 |
| Obligations under capital lease | 162,342 | 88,022 |
| Long-term debt | 15,998,368 | 16,745,736 |
| Total liabilities | 31,475,916 | 31,898,328 |
| Net assets: | | |
| Without donor restrictions | 44,326,054 | 42,572,039 |
| With donor restrictions | 2,977,704 | 2,961,187 |
| Total net assets | 47,303,758 | 45,533,226 |
| Total liabilities and net assets | \$ 78,779,674 | 77,431,554 |

PRESBYTERIAN HOMES IN THE PRESBYTERY OF HUNTINGDON

Consolidated Statements of Operations and Changes in Net Assets

Periods ended August 31, 2018 and year ended December 31, 2017

| | August 31, 2018 | December 31, 2017 |
|--|----------------------------|------------------------------|
| Operating revenues, gains, and other support: | | |
| Resident services, including amortization of entrance fees of \$1,138,956 and \$1,104,534 | \$ 24,176,058 | 34,386,883 |
| Interest and dividend income | 96,751 | 348,598 |
| Realized (loss) gain on investments | (80,484) | 746,485 |
| Gain on sale of property and equipment | — | 19,930 |
| Contributions, gifts and bequests | 69,642 | 292,545 |
| Net assets released from restrictions | 17,169 | 80,574 |
| Total operating revenues, gains, and other support | 24,279,137 | 35,875,015 |
| Expenses: | | |
| Nursing services | 6,852,339 | 10,004,827 |
| Rehabilitation | 2,382,246 | 2,794,806 |
| Recreation and special services | 532,740 | 844,290 |
| Pharmacy | 501,097 | 833,906 |
| Social services | 122,607 | 180,693 |
| Physician services | 98,658 | 147,556 |
| Food services | 2,563,167 | 3,848,745 |
| Building operations and maintenance | 1,950,112 | 2,857,247 |
| Housekeeping | 385,054 | 649,388 |
| Laundry and linen | 163,284 | 299,307 |
| General and administrative | 3,952,927 | 5,761,386 |
| Employee benefits | 1,345,273 | 2,653,000 |
| Interest | 306,287 | 339,375 |
| Depreciation | 1,562,347 | 2,205,864 |
| Fundraising and investment fee | 68,178 | 140,393 |
| Total expenses | 22,786,316 | 33,560,783 |
| Operating income | 1,492,821 | 2,314,232 |
| Other changes: | | |
| Unrealized gain on investments | 261,195 | 322,505 |
| Total other changes | 261,195 | 322,505 |
| Increase in net assets without donor restrictions | 1,754,015 | 2,636,737 |

PRESBYTERIAN HOMES IN THE PRESBYTERY OF HUNTINGDON

Consolidated Statements of Operations and Changes in Net Assets

Periods ended August 31, 2018 and year ended December 31, 2017

| | August 31, 2018 | December 31, 2017 |
|--|----------------------------|------------------------------|
| Net assets with donor restrictions | | |
| Contributions, gifts and bequests | 29,322 | 79,977 |
| Interest and dividend income | 90 | 349 |
| Unrealized gain on investments | 4,274 | 5,403 |
| Net assets released from restrictions | (17,169) | (80,574) |
| Change in net assets with donor restrictions | 16,517 | 62,542 |
| Change in net assets | 1,770,532 | 2,699,279 |
| Net assets, beginning of year | 45,533,226 | 42,833,947 |
| Net assets, end of year | <u>\$ 47,303,758</u> | <u>45,533,226</u> |

PRESBYTERIAN HOMES IN THE PRESBYTERY OF HUNTINGDON

Statements of Cash Flows

Periods ended August 31, 2018 and year ended December 31, 2017

| | <u>August 31, 2018</u> | <u>December 31, 2017</u> |
|---|----------------------------|------------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,770,532 | 2,699,279 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,562,347 | 2,205,864 |
| Provision for bad debt | 373,185 | 581,688 |
| Proceeds from refundable entrance fees and deposits | 2,243,411 | 4,158,246 |
| Amortization of entrance fees | (1,138,956) | (1,104,534) |
| Unrealized gain on investments | (265,469) | (385,296) |
| Realized loss (gain) on investments | 80,484 | (746,485) |
| Realized gain on sale of assets | — | (19,930) |
| Contributions restricted for long-term purposes | | (27,627) |
| Amortization | 2,331 | 3,762 |
| Change in assets and liabilities: | | |
| Accounts receivable | (206,236) | (722,432) |
| Entrance fee payable | 75,150 | (29,400) |
| Pledges receivable | 0 | 200 |
| Other assets | (88,491) | (47,861) |
| Accounts payable | (355,028) | (2,346,786) |
| Accrued expenses and deferred revenue other | (113,150) | (357,602) |
| Net cash provided by operating activities | 3,940,110 | 3,861,087 |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment | (1,055,972) | (5,803,693) |
| Net purchases of investments | 851,597 | 5,001,014 |
| Net cash used in investing activities | (204,375) | (802,679) |
| Cash flows for financing activities: | | |
| Refunds of entrance fees and deposits | (316,285) | (305,598) |
| Change in entrance fee payable | (68,077) | (206,745) |
| Principal payments on long-term debt | (749,877) | (554,274) |
| Contributions restricted for long-term purposes | — | 27,627 |
| Decrease in annuities payable | (1,279) | (748) |
| Borrowings through capital lease obligations | 100,952 | 33,601 |
| Repayments on capital lease obligations | (26,632) | (67,450) |
| Due from affiliated entity | (2,669,158) | (2,004,392) |
| Net cash used in financing activities | (3,730,355) | (3,077,979) |
| Net increase (decrease) in cash and cash equivalents | 5,379 | (19,571) |
| Cash and cash equivalents, beginning of year | 36,811 | 56,382 |
| Cash and cash equivalents, end of year | \$ 42,191 | 36,811 |