

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

April 30, 2020 and December 31, 2019

Assets	April 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 10,290,737	11,139,633
Investments	69,481,822	72,958,043
Statutory minimum liquid reserve	12,188,656	12,216,204
Accounts receivable, net	13,695,944	16,406,914
Prepaid expenses	5,242,528	3,543,509
Assets whose use is limited	6,073,462	6,245,481
Assets whose use is limited, capital assets	11,613,269	17,324,107
Promises to give, net	289,051	255,968
Assets held for sale	3,619,618	3,619,230
Property and equipment (net of accumulated depreciation of \$297,544,860 and \$290,466,288, respectively)	357,971,737	356,488,553
Financing leases (net of accumulated depreciation of \$964,051 and \$797,499, respectively)	1,200,869	1,139,573
Assets under operating leases	71,658	96,643
Due from affiliates, net	82,610,709	80,989,105
Funds held in trust by others	17,374,232	19,321,794
Goodwill (net of accumulated amortization of \$376,802 and \$282,601, respectively)	1,460,106	1,554,307
Other assets	<u>54,445</u>	<u>27,230</u>
Total assets	\$ <u><u>593,238,843</u></u>	<u><u>603,326,294</u></u>

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Combined Statements of Financial Position

April 30, 2020 and December 31, 2019

Liabilities and Net Assets	April 30, 2020	December 31, 2019
Accounts payable	\$ 5,167,699	8,604,404
Accrued expenses	13,459,254	15,957,412
Lines of credit	6,500,000	15,198,790
Accrued interest	851,856	743,757
Resident deposits	4,740,865	2,338,788
Entrance fee payable	10,698,789	10,850,556
Deferred revenue – other	10,015,135	—
Deferred revenue – entrance fees	104,603,123	107,392,209
Deferred energy costs	994,993	1,015,777
Annuities payable	578,260	608,759
Obligations under operating leases	71,658	96,643
Long-term debt		
Obligations under financing leases	1,225,424	1,155,723
Long-term debt	237,389,885	236,946,145
Total liabilities	396,296,940	400,908,963
Net assets:		
Without donor restrictions	172,306,540	175,925,636
With donor restrictions	24,635,362	26,491,695
Total net assets	196,941,902	202,417,331
Total liabilities and net assets	\$ 593,238,843	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Periods ended April 30, 2020 and year ended December 31, 2019

	April 30, 2020	December 31, 2019
Revenues and other support:		
Resident services		
Resident services	\$ 66,488,453	199,622,256
Amortization of entrance fees	5,850,875	16,955,577
Implicit price concession	(705,914)	(2,209,959)
Total resident services	71,633,414	214,367,874
Contributions, gifts and bequests	259,298	459,266
Net assets released from restrictions	100,122	1,216,581
Total operating revenues, gains, and other support	71,992,834	216,043,721
Cost of services provided:		
Nursing services	20,594,909	59,488,679
Rehabilitation	4,963,719	16,118,459
Recreation and special services	1,451,495	5,847,631
Pharmacy	1,155,426	3,354,446
Social services	334,173	1,015,769
Physician services	243,559	729,176
Food services	7,886,709	23,819,083
Building operations and maintenance	8,750,649	24,579,664
Housekeeping	1,358,739	3,871,340
Laundry and linen	431,916	1,272,211
General and administrative	11,644,346	30,531,494
Employee benefits	3,419,508	11,494,826
Interest	2,400,283	7,966,263
Depreciation	7,302,699	21,525,057
Amortization	94,200	282,601
Fundraising	204,922	742,586
Total cost of services provided	72,237,253	212,639,285
(Deficit) excess of revenues and other support over expenses	(244,419)	3,404,436
Other (expense) income:		
Investment income, net of investment expense	566,081	2,085,992
Realized gain on investments	25,831	1,982,030
Unrealized (loss) gain on investments	(5,046,580)	4,137,173
Gain (loss) on sale of property and equipment	5,500	(670,883)
Total other (expense) income	(4,449,169)	7,534,312
(Deficit) excess of revenues, gains and other support over expenses and losses	(4,693,588)	10,938,748
Loss on early extinguishment of debt	—	(165,422)
Loss on impairment of asset	—	(505,085)
Loan forgiveness	1,074,492	—
Change in net assets without donor restrictions	(3,619,096)	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Periods ended April 30, 2020 and year ended December 31, 2019

	April 30, 2020	December 31, 2019
Net assets with donor restrictions		
Contributions, gifts and bequests	162,073	973,389
Investment income, net of investment expense	29,534	116,614
Unrealized (loss) gain on investments	(1,947,818)	2,233,423
Net assets released from restrictions	<u>(100,122)</u>	<u>(1,216,581)</u>
Change in net assets with donor restrictions	(1,856,333)	2,106,845
 Change in net assets	 (5,475,429)	 12,375,086
 Net assets beginning of year	 <u>202,417,331</u>	 <u>190,042,245</u>
Net assets, end of year	<u>\$ 196,941,902</u>	<u>202,417,331</u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Periods ended April 30, 2020 and year ended December 31, 2019

	April 30, 2020	December 31, 2019
Cash flows from operating activities:		
Change in net assets	\$ (5,475,429)	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,302,699	21,525,057
Provision for implicit price concession	1,255,180	1,914,132
Proceeds from entrance fees and deposits	6,656,009	25,063,395
Amortization of entrance fees	(5,850,875)	(16,955,577)
Loan forgiveness	(1,074,492)	—
Loss on extinguishment of debt	—	165,422
Unrealized loss (gain) on investments and assets held in trust by others	6,994,399	(6,370,596)
Realized gain on investments	(25,831)	(1,982,030)
Realized (gain) loss on property, plant and equipment	(5,500)	670,883
Contributions restricted for long-term purposes	(2,490)	(59,112)
Amortization of deferred financing costs	52,985	195,666
Amortization of bond discount/premium	(8,921)	(26,761)
Amortization of goodwill	94,200	282,601
Deferred energy cost adjustment	(20,784)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	702,487	833,808
Entrance fee receivable	753,304	(379,727)
Promises to give	(33,083)	71,445
Other assets	(1,726,145)	(648,721)
Accounts payable	(3,436,706)	(204,893)
Accrued expenses and deferred revenue other	7,625,076	2,333,172
Net cash provided by operating activities	13,776,083	39,245,983
Cash flows from investing activities:		
Acquisition of property and equipment	(8,842,066)	(28,981,368)
Net proceeds from sale of property and equipment	—	1,980,000
Net proceeds from sale of (purchase of) investments	4,365,619	(19,192,482)
Net cash used in investing activities	(4,476,447)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,192,143)	(4,484,519)
Change in entrance fee payable	(151,767)	(1,312,732)
Principal payments on long-term debt	(3,928,503)	(12,573,234)
Proceeds from issuance of long-term debt	5,417,900	14,805,170
Refunding, refinancing or payoff of long-term debt	—	(14,882,520)
Redemption of treasury bonds	—	50,000
Financing costs incurred	(15,318)	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(8,698,790)	679,992
Borrowings under finance leases	227,849	670,619
Repayments of finance lease obligations	(158,148)	(416,360)
Contributions restricted for long-term purposes	2,490	59,112
Change in annuities payable	(30,499)	(7,705)
Increase in due from affiliates	(1,621,604)	(1,979,846)
Net cash used in financing activities	(10,148,532)	(19,524,930)
Net decrease in cash and cash equivalents	(848,896)	(26,472,797)
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	11,139,633	898,783
Restricted	19,780,620	56,494,267
	30,920,253	57,393,050
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	10,290,737	11,139,633
Restricted	19,780,620	19,780,620
	30,071,357	30,920,253