

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

August 31, 2020 and December 31, 2019

Assets	August 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 1,480,894	11,139,633
Investments	78,295,700	72,958,043
Statutory minimum liquid reserve	12,795,672	12,216,204
Accounts receivable, net	11,861,980	16,406,914
Prepaid expenses	5,869,159	3,543,509
Assets whose use is limited	17,520,747	6,245,481
Assets whose use is limited, capital assets	6,630,274	17,324,107
Promises to give, net	269,184	255,968
Assets held for sale	2,350,618	3,619,230
Property and equipment (net of accumulated depreciation of \$304,666,532 and \$290,466,288, respectively)	366,641,521	356,488,553
Financing leases (net of accumulated depreciation of \$1,145,434 and \$797,499, respectively)	1,235,732	1,139,573
Assets under operating leases	57,892	96,643
Due from affiliates, net	82,980,347	80,989,105
Funds held in trust by others	19,178,611	19,321,794
Goodwill (net of accumulated amortization of \$471,002 and \$282,601, respectively)	1,365,906	1,554,307
Other assets	<u>40,506</u>	<u>27,230</u>
Total assets	<u>\$ 608,574,742</u>	<u>603,326,294</u>

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August 31, 2020 and December 31, 2019

Liabilities and Net Assets	August 31, 2020	December 31, 2019
Accounts payable	\$ 14,545,997	8,604,404
Accrued expenses	13,590,829	15,957,412
Lines of credit	4,165,419	15,198,790
Accrued interest	752,018	743,757
Resident deposits	4,381,112	2,338,788
Entrance fee payable	10,513,022	10,850,556
Deferred revenue – other	2,748,903	—
Deferred revenue – entrance fees	104,064,280	107,392,209
Deferred energy costs	974,209	1,015,777
Annuities payable	570,117	608,759
Obligations under operating leases	57,892	96,643
Long-term debt		
Obligations under financing leases	1,273,705	1,155,723
Long-term debt	244,876,401	236,946,145
Total liabilities	402,513,905	400,908,963
Net assets:		
Without donor restrictions	179,442,452	175,925,636
With donor restrictions	26,618,385	26,491,695
Total net assets	206,060,837	202,417,331
Total liabilities and net assets	\$ 608,574,742	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Periods ended August 31, 2020 and year ended December 31, 2019

	<u>August 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 125,641,754	199,622,256
Amortization of entrance fees	11,203,919	16,955,577
Implicit price concession	<u>(1,726,706)</u>	<u>(2,209,959)</u>
Total resident services	135,118,967	214,367,874
Contributions, gifts and bequests	538,803	459,266
Government stimulus	8,786,875	-
Net assets released from restrictions	<u>129,667</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	144,574,312	216,043,721
Cost of services provided:		
Nursing services	40,528,586	59,488,679
Rehabilitation	9,669,216	16,118,459
Recreation and special services	2,739,404	5,847,631
Pharmacy	1,874,203	3,354,446
Social services	657,652	1,015,769
Physician services	486,958	729,176
Food services	15,567,352	23,819,083
Building operations and maintenance	17,175,300	24,579,664
Housekeeping	2,682,448	3,871,340
Laundry and linen	841,739	1,272,211
General and administrative	20,689,141	30,531,494
Covid-19 related	10,242,177	-
Employee benefits	7,514,717	11,494,826
Interest	4,543,644	7,966,263
Depreciation	14,605,753	21,525,057
Amortization	188,401	282,601
Fundraising	<u>382,471</u>	<u>742,586</u>
Total cost of services provided	<u>150,389,162</u>	<u>212,639,285</u>
(Deficit) excess of revenues and other support over expenses	(5,814,850)	3,404,436
Other income:		
Investment income, net of investment expense	1,048,716	2,085,992
Realized gain on investments	287,745	1,982,030
Unrealized gain on investments	810,992	4,137,173
Loss on sale of property and equipment	<u>(253,332)</u>	<u>(670,883)</u>
Total other income	1,894,122	7,534,312
(Deficit) excess of revenues, gains and other support over expenses and losses	(3,920,729)	10,938,748
Loss on early extinguishment of debt	(75,093)	(165,422)
Loss on impairment of asset	-	(505,085)
Transfer to affiliated entity	(3,262)	-
Loan forgiveness	<u>7,515,900</u>	<u>-</u>
Change in net assets without donor restrictions	3,516,816	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Periods ended August 31, 2020 and year ended December 31, 2019

	August 31, 2020	December 31, 2019
Net assets with donor restrictions		
Contributions, gifts and bequests	383,273	973,389
Investment income, net of investment expense	59,027	116,614
Unrealized (loss) gain on investments	(185,944)	2,233,423
Net assets released from restrictions	(129,667)	(1,216,581)
Change in net assets with donor restrictions	126,690	2,106,845
Change in net assets	3,643,506	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 206,060,837	202,417,331

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Periods ended August 31, 2020 and year ended December 31, 2019

	<u>August 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,643,505	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,605,753	21,525,057
Provision for implicit price concession and bad debt	3,011,627	1,914,132
Proceeds from entrance fees and deposits	11,902,492	25,063,395
Amortization of entrance fees	(11,203,919)	(16,955,577)
Loan forgiveness	(7,515,900)	—
Loss on extinguishment of debt	75,093	165,422
Unrealized gain on investments and assets held in trust by others	(625,048)	(6,370,596)
Realized gain on investments	(287,745)	(1,982,030)
Realized loss on property, plant and equipment	253,332	670,883
Contributions restricted for long-term purposes	(9,786)	(59,112)
Amortization of deferred financing costs	104,425	195,666
Amortization of bond discount/premium	(17,841)	(26,761)
Amortization of goodwill	188,401	282,601
Deferred energy cost adjustment	(41,568)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	848,069	833,808
Entrance fee receivable	685,238	(379,727)
Promises to give	(13,216)	71,445
Other assets	(2,338,747)	(648,721)
Accounts payable	5,941,591	(204,893)
Accrued expenses and deferred revenue other	390,583	2,333,172
Net cash provided by operating activities	<u>19,596,340</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(24,862,915)	(28,981,368)
Net proceeds from sale of property and equipment	1,023,316	1,980,000
Net proceeds from purchase of investments	<u>(5,442,582)</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(29,282,181)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,984,179)	(4,484,519)
Change in entrance fee payable	(337,534)	(1,312,732)
Principal payments on long-term debt	(8,547,542)	(12,573,234)
Proceeds from issuance of long-term debt	27,470,900	14,805,170
Refunding, refinancing or payoff of long-term debt	(3,430,000)	(14,882,520)
Redemption of treasury bonds	—	50,000
Financing costs incurred	(209,056)	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(11,033,371)	679,992
Borrowings under finance leases	444,094	670,619
Repayments of finance lease obligations	(326,112)	(416,360)
Contributions restricted for long-term purposes	9,786	59,112
Change in annuities payable	(38,642)	(7,705)
Increase in due from affiliates	<u>(1,991,242)</u>	<u>(1,979,846)</u>
Net cash provided by (used in) financing activities	<u>27,103</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(9,658,739)	(26,472,797)
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	11,139,633	898,783
Restricted	<u>19,780,620</u>	<u>56,494,267</u>
	30,920,253	57,393,050
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	1,480,894	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	21,261,514	30,920,253