

Presbyterian Homes Obligated Group

Combined Statements of Financial Position
August 31, 2022 and December 31, 2021

	<u>August 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Cash and cash equivalents	\$ 1,611,822	\$ 11,239,818
Investments	97,794,072	113,869,829
Statutory liquid reserves	10,471,254	10,471,255
Accounts receivable, net	9,956,327	10,858,834
Assets whose use is limited	47,200,359	53,388,482
Property and equipment, net	373,192,777	375,066,095
Due from affiliates, net	87,894,458	88,045,022
Funds held in trust by others	18,021,092	21,414,680
Other assets	6,851,043	5,564,488
	<u>6,851,043</u>	<u>5,564,488</u>
Total assets	<u>\$ 652,993,204</u>	<u>\$ 689,918,503</u>
Liabilities and Net Assets		
Accounts payable	\$ 7,478,855	\$ 10,373,384
Accrued expenses	14,097,588	14,135,713
Lines of credit	12,417,044	15,593,443
Resident deposits	2,867,785	2,507,309
Entrance fees payable	7,382,268	8,147,685
Other liabilities	3,535,145	5,362,815
Cares act funding liabilities	20,520	4,472,340
Long-term debt	262,773,355	272,663,720
Deferred revenues from entrance fees	118,446,392	114,979,674
	<u>118,446,392</u>	<u>114,979,674</u>
Total liabilities	<u>429,018,952</u>	<u>448,236,083</u>
Net Assets		
Without donor restriction	197,861,679	212,527,325
With donor restrictions	26,112,573	29,155,095
	<u>26,112,573</u>	<u>29,155,095</u>
Total net assets	<u>223,974,252</u>	<u>241,682,420</u>
Total liabilities and net assets	<u>\$ 652,993,204</u>	<u>\$ 689,918,503</u>

Presbyterian Homes Obligated Group

Combined Statements of Operations and Changes in Net Assets
Period ended August 31, 2022 and year ended December 31, 2021

	<u>August 31, 2022</u>	<u>December 31, 2021</u>
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	\$ 111,514,390	\$ 174,338,100
Amortization of entrance fees	10,929,141	18,993,628
Total resident services	122,443,531	193,331,728
Contributions, gifts, grants and bequests	646,223	1,330,159
Other revenues	788,195	5,742,262
Government grants	2,000,000	7,515,900
Government stimulus	422,505	4,799,292
Net assets released from restrictions	268,576	992,913
Total operating revenues and other support	126,569,030	213,712,254
Expenses:		
Nursing services	35,586,203	55,328,956
Rehabilitation	5,960,331	13,025,251
Recreation and special services	2,295,324	3,805,588
Pharmacy	1,859,746	2,651,932
Social services	557,084	940,602
Physician services	465,252	742,482
Food Services	13,776,497	22,037,415
Building operations and maintenance	17,262,561	26,859,867
Housekeeping	2,195,462	3,786,145
Laundry and linen	642,116	1,169,109
General and administrative	19,484,144	31,446,154
Employee benefits	6,596,537	7,843,468
Interest	4,867,144	7,084,265
Depreciation	16,358,302	23,836,080
Amortization	188,401	282,601
Fundraising	445,056	700,094
Total expenses	128,540,160	201,540,009
Unusual non-recurring expenses - COVID-19	1,086,617	2,101,279
Operating (loss) income before gains	(3,057,747)	10,070,966
Gain on sale of community and disposals of property and equipment	187,035	14,615,126
Loss on impairment of asset	-	(2,350,230)
Operating (loss) income	(2,870,712)	22,335,862
Other income (loss):		
Investment income, net of investment expense	1,409,897	2,800,155
Realized gain on investments	1,007,980	3,716,532
Unrealized (loss) gain on investments	(13,676,638)	11,470,916
Loss on early extinguishment of debt	-	(1,518,104)
Total other income (loss)	(11,258,761)	16,469,499
Revenues (less than) in excess of expenses	(14,129,473)	38,805,361
Transfer to affiliated entity	(725,000)	(3,330,234)
Grant revenue - capital	188,827	-
(Decrease) increase in net assets without donor restrictions	(14,665,646)	35,475,127

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Combined Statements of Operations and Changes in Net Assets

Period ended August 31, 2022 and year ended December 31, 2021

	<u>August 31, 2022</u>	<u>December 31, 2021</u>
Net Assets With Donor Restrictions		
Contributions, gifts, grants and bequests	\$ 653,725	\$ 666,920
Investment income, net of investment expense	40,964	61,061
Unrealized (loss) gain on investments	(3,468,635)	1,664,178
Net assets released from restrictions	<u>(268,576)</u>	<u>(992,913)</u>
(Decrease) increase in net assets with donor restrictions	<u>(3,042,522)</u>	<u>1,399,246</u>
Change in net assets	(17,708,168)	36,874,373
Net Assets, Beginning	<u>241,682,420</u>	<u>204,808,047</u>
Net Assets, Ending	<u>\$ 223,974,252</u>	<u>\$ 241,682,420</u>

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Combined Statements of Cash Flows

Period ended August 31, 2022 and year ended December 31, 2021

	August 31, 2022	December 31, 2021
Cash Flows From Operating Activities		
(Decrease) increase in net assets	\$ (17,708,168)	\$ 36,874,373
Adjustments to reconcile (decrease) increase in net deficit to net cash provided by operating activities:		
Depreciation	16,358,302	23,836,080
Provision for doubtful collections	647,495	1,454,968
Proceeds from non-refundable entrance fees and deposits	15,705,640	20,470,367
Amortization of entrance fees	(10,929,141)	(18,993,628)
Loss on early extinguishment of debt	-	1,518,104
Unrealized loss (gain) on investments	17,145,273	(13,135,094)
Realized gain on investments	(1,007,980)	(3,716,532)
Gain on sale of community and disposals of property and equipment	(187,035)	(14,615,126)
Contributions restricted for long-term purposes	8,553	(74,871)
Amortization of deferred financing costs	87,825	131,225
Amortization of bond premium	(271,539)	(218,313)
Loss on impairment of asset	-	2,350,230
Changes in assets and liabilities:		
Accounts receivable	432,153	(883,002)
Entrance fees receivable	(177,140)	1,055,402
Other assets	(1,286,555)	667,344
Accounts payable	(2,894,529)	(2,134,577)
Accrued expenses	(38,125)	(2,240,320)
Other liabilities	(1,827,670)	578,378
Cares act funding liabilities	(4,451,820)	(9,172,366)
Net cash provided by operating activities	<u>9,605,538</u>	<u>23,752,642</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(14,484,984)	(25,278,369)
Net proceeds from sale of property and equipment	187,035	19,500,000
Purchases of investments	(33,955,044)	(49,398,706)
Proceeds from sale of investments	43,475,220	36,465,949
Change in due from affiliates	150,564	(1,321,284)
Net cash used in investing activities	<u>(4,627,209)</u>	<u>(20,032,410)</u>
Cash Flows From Financing Activities		
Refunds of entrance fees and deposits	(2,442,522)	(3,654,981)
Proceeds from refundable entrance fees and deposits, resales	63,325	97,500
Proceeds from refundable entrance fees and deposits, new units	664,475	8,779,487
Principal payments on redemptions of long-term debt	(9,831,651)	(14,003,114)
Proceeds from issuance of long-term debt	-	31,050,679
Proceeds from bond premium	-	7,151,245
Refunding, refinancing or payoff of long-term debt	(275,000)	-
Purchase (redemption) of treasury bonds	400,000	(225,000)
Financing costs incurred	-	(1,072,391)
(Repayments) borrowing on lines of credit	(3,176,399)	1,381,031
Contributions restricted for long-term purposes	(8,553)	74,871
Net cash (used in) provided by financing activities	<u>(14,606,325)</u>	<u>29,579,327</u>
Net change in cash, cash equivalents and restricted cash	(9,627,996)	33,299,559
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>64,504,738</u>	<u>31,205,179</u>
Cash, Cash Equivalents and Restricted Cash, Ending		
Unrestricted	\$ 1,611,822	\$ 11,239,818
Restricted	<u>53,264,920</u>	<u>53,264,920</u>
	<u>\$ 54,876,742</u>	<u>\$ 64,504,738</u>