

Presbyterian Homes Obligated Group

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets		
Cash and cash equivalents	\$ 10,041,000	\$ 11,239,818
Investments	95,098,031	113,869,829
Statutory liquid reserves	10,905,688	10,471,255
Accounts receivable, net	11,220,074	10,858,834
Assets whose use is limited	43,561,377	53,388,482
Property and equipment, net	377,257,983	375,066,095
Due from affiliates, net	86,233,953	88,045,022
Funds held in trust by others	17,559,350	21,414,680
Other assets	6,005,752	5,564,488
	<u>6,005,752</u>	<u>5,564,488</u>
Total assets	<u>\$ 657,883,208</u>	<u>\$ 689,918,503</u>
Liabilities and Net Assets		
Accounts payable	\$ 8,084,608	\$ 10,373,384
Accrued expenses	15,061,226	14,135,713
Lines of credit	16,602,167	15,593,443
Resident deposits	2,227,667	2,507,309
Entrance fees payable	7,114,328	8,147,685
Other liabilities	5,177,226	5,362,815
Cares act funding liabilities	20,520	4,472,340
Long-term debt	259,343,071	272,663,720
Deferred revenues from entrance fees	123,277,629	114,979,674
	<u>123,277,629</u>	<u>114,979,674</u>
Total liabilities	<u>436,908,442</u>	<u>448,236,083</u>
Net Assets		
Without donor restriction	195,704,333	212,527,325
With donor restrictions	25,270,433	29,155,095
	<u>25,270,433</u>	<u>29,155,095</u>
Total net assets	<u>220,974,766</u>	<u>241,682,420</u>
Total liabilities and net assets	<u>\$ 657,883,208</u>	<u>\$ 689,918,503</u>

Presbyterian Homes Obligated Group

Combined Statements of Operations and Changes in Net Assets

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

	December 31, 2022	December 31, 2021
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	\$ 168,470,467	\$ 174,338,100
Amortization of entrance fees	16,756,172	18,993,628
Total resident services	185,226,639	193,331,728
Contributions, gifts, grants and bequests	462,388	1,330,159
Other revenues	2,236,500	5,742,262
Government grants	2,000,000	7,515,900
Government stimulus	1,465,364	4,799,292
Net assets released from restrictions	709,098	992,913
Total operating revenues and other support	192,099,989	213,712,254
Expenses:		
Nursing services	53,970,315	55,328,956
Rehabilitation	8,934,430	13,025,251
Recreation and special services	3,505,546	3,805,588
Pharmacy	2,812,912	2,651,932
Social services	837,211	940,602
Physician services	705,113	742,482
Food Services	20,993,437	22,037,415
Building operations and maintenance	26,255,439	26,859,867
Housekeeping	3,304,580	3,786,145
Laundry and linen	1,009,706	1,169,109
General and administrative	29,960,046	31,446,154
Employee benefits	9,467,050	7,843,468
Interest	7,583,565	7,084,265
Depreciation	24,799,176	23,836,080
Amortization	282,601	282,601
Fundraising	620,799	700,094
Total expenses	195,041,926	201,540,009
Unusual non-recurring expenses - COVID-19	1,037,819	2,101,279
Operating (loss) income before gains	(3,979,756)	10,070,966
(Loss) gain on sale of community and disposals of property and equipment	(30,440)	14,615,126
Loss on impairment of asset	-	(2,350,230)
Operating (loss) income	(4,010,196)	22,335,862
Other income (loss):		
Investment income, net of investment expense	2,647,569	2,800,155
Realized gain on investments	2,026,907	3,716,532
Unrealized (loss) gain on investments	(17,399,455)	11,470,916
Loss on early extinguishment of debt	-	(1,518,104)
Total other income (loss)	(12,724,979)	16,469,499
Revenues (less than) in excess of expenses	(16,735,175)	38,805,361
Transfer to affiliated entity	(725,000)	(3,330,234)
Adjustment for affiliation - net assets	-	-
Grant revenue - capital	637,183	-
(Decrease) increase in net assets without donor restrictions	(16,822,992)	35,475,127

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Combined Statements of Operations and Changes in Net Assets

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Net Assets With Donor Restrictions		
Contributions, gifts, grants and bequests	\$ 1,216,357	\$ 666,920
Investment income, net of investment expense	82,871	61,061
Unrealized (loss) gain on investments	(4,474,792)	1,664,178
Net assets released from restrictions	<u>(709,098)</u>	<u>(992,913)</u>
(Decrease) increase in net assets with donor restrictions	<u>(3,884,662)</u>	<u>1,399,246</u>
Change in net assets	(20,707,654)	36,874,373
Net Assets, Beginning	<u>241,682,420</u>	<u>204,808,047</u>
Net Assets, Ending	<u>\$ 220,974,766</u>	<u>\$ 241,682,420</u>

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Combined Statements of Cash Flows

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

	December 31, 2022	December 31, 2021
Cash Flows From Operating Activities		
(Decrease) increase in net assets	\$ (20,707,654)	\$ 36,874,373
Adjustments to reconcile (decrease) increase in net deficit to net cash provided by operating activities:		
Depreciation	24,799,176	23,836,080
Provision for doubtful collections	1,069,215	1,454,968
Proceeds from non-refundable entrance fees and deposits	26,384,571	20,470,367
Amortization of entrance fees	(16,756,172)	(18,993,628)
Loss on early extinguishment of debt	-	1,518,104
Unrealized loss (gain) on investments	21,874,247	(13,135,094)
Realized gain on investments	(2,026,907)	(3,716,532)
Gain on sale of community and disposals of property and equipment	30,440	(14,615,126)
Contributions restricted for long-term purposes	(222,477)	(74,871)
Amortization of deferred financing costs	128,372	131,225
Amortization of bond premium	(407,025)	(218,313)
Loss on impairment of asset	-	2,350,230
Changes in assets and liabilities:		
Accounts receivable	(377,236)	(883,002)
Entrance fees receivable	(1,053,219)	1,055,402
Other assets	(441,264)	667,344
Accounts payable	(2,288,776)	(2,134,577)
Accrued expenses	925,513	(2,240,320)
Other liabilities	(185,589)	578,378
Cares act funding liabilities	(4,451,820)	(9,172,366)
Net cash provided by operating activities	<u>26,293,395</u>	<u>23,752,642</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(27,221,715)	(25,278,369)
Net proceeds from sale of property and equipment	200,211	19,500,000
Purchases of investments	(48,582,381)	(49,398,706)
Proceeds from sale of investments	48,868,412	36,465,949
Change in due from affiliates	1,811,069	(1,321,284)
Net cash used in investing activities	<u>(24,924,404)</u>	<u>(20,032,410)</u>
Cash Flows From Financing Activities		
Refunds of entrance fees and deposits	(3,681,435)	(3,654,981)
Proceeds from refundable entrance fees and deposits, resales	239,325	97,500
Proceeds from refundable entrance fees and deposits, new units	798,668	8,779,487
Principal payments on redemptions of long-term debt	(13,166,996)	(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)
Borrowing on lines of credit	1,008,724	1,381,031
Contributions restricted for long-term purposes	222,477	74,871
Net cash (used in) provided by financing activities	<u>(14,454,238)</u>	<u>29,579,327</u>
Net change in cash, cash equivalents and restricted cash	(13,085,247)	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	\$ 10,041,000	\$ 11,239,818
Restricted	<u>41,378,491</u>	<u>53,264,920</u>
	<u>\$ 51,419,491</u>	<u>\$ 64,504,738</u>