

## Presbyterian Homes Obligated Group

### Statements of Financial Position

December 31, 2023 and December 31, 2022

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <b>Assets</b>                            |                          |                          |
| Cash and cash equivalents                | \$ 15,213,460            | \$ 10,041,000            |
| Investments                              | 109,332,265              | 95,098,031               |
| Statutory Liquid Reserve                 | 13,650,901               | 10,905,687               |
| Accounts receivable, net                 | 15,233,968               | 11,220,074               |
| Assets whose use is limited              | 44,514,015               | 43,561,377               |
| Property and equipment, net              | 464,066,268              | 377,257,983              |
| Due from affiliates, net                 | 86,107,579               | 86,233,954               |
| Funds held in trust by others            | 18,867,774               | 17,559,350               |
| Other assets                             | 34,631,708               | 6,005,752                |
|  | <hr/>                    | <hr/>                    |
| Total assets                             | <u>\$ 801,617,938</u>    | <u>\$ 657,883,208</u>    |
| <b>Liabilities and Net Assets</b>        |                          |                          |
| Accounts Payable                         | \$ 11,196,881            | \$ 8,084,607             |
| Accrued expenses                         | 20,615,867               | 15,061,226               |
| Lines of credit                          | 16,750,000               | 16,602,167               |
| Resident deposits                        | 3,294,828                | 2,227,667                |
| Entrance fees payable                    | 13,980,916               | 7,114,328                |
| Other liabilities                        | 3,957,029                | 5,177,226                |
| Cares act funding liabilities            | 56,828                   | 20,520                   |
| Long-term debt, senior living            | 350,941,000              | 259,343,071              |
| Deferred revenue from entrance fees      | 150,814,426              | 123,277,629              |
|  | <hr/>                    | <hr/>                    |
| Total liabilities                        | <u>571,607,775</u>       | <u>436,908,441</u>       |
| <b>Net Assets</b>                        |                          |                          |
| Without donor restriction                | 202,363,054              | 195,704,334              |
| With donor restriction                   | 27,647,109               | 25,270,433               |
| Total net assets (deficit)               | <u>230,010,163</u>       | <u>220,974,767</u>       |
|  | <hr/>                    | <hr/>                    |
| Total liabilities, net assets and equity | <u>\$ 801,617,938</u>    | <u>\$ 657,883,208</u>    |

**Presbyterian Homes Obligated Group**

## Statements of Operations and Changes in Net Assets

Period ended December 31, 2023 and year ended December 31, 2022

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| <b>Net Assets Without Donor Restrictions</b>                 |                          |                          |
| Revenues, gains and other support:                           |                          |                          |
| Resident services:   |                          |                          |
| Resident services  | \$ 190,058,377           | \$ 168,470,466           |
| Amortization of entrance fees                                | 19,867,271               | 16,756,172               |
| Total resident services                                      | 209,925,649              | 185,226,639              |
| Sales of other services and materials                        | 78,046                   | -                        |
| Contributions, gifts, grants and bequests                    | 845,034                  | 495,274                  |
| Government grants  | 811,173                  | 2,000,000                |
| Government stimulus  | 184,711                  | 1,465,364                |
| FEMA funding   | 29,790                   | 2,236,500                |
| Net assets released from restrictions                        | 687,704                  | 709,098                  |
| Total operating revenues and other support                   | 212,562,106              | 192,132,874              |
| Expenses:  |                          |                          |
| Nursing services   | 60,407,358               | 53,900,760               |
| Rehabilitation   | 8,706,017                | 8,934,430                |
| Recreation and special services                              | 3,753,962                | 3,505,546                |
| Pharmacy   | 2,873,042                | 2,812,912                |
| Social Services  | 863,611                  | 837,211                  |
| Physician Services   | 626,738                  | 705,113                  |
| Dining Services  | 24,077,143               | 20,993,437               |
| Building operations and maintenance                          | 28,923,373               | 26,255,439               |
| Housekeeping   | 3,875,125                | 3,304,580                |
| Laundry  | 1,285,475                | 1,009,706                |
| Management and general                                       | 33,549,244               | 30,062,485               |
| Employee Benefits  | 9,867,450                | 9,467,050                |
| Interest   | 12,178,581               | 7,583,565                |
| Depreciation   | 25,063,463               | 24,799,176               |
| Amortization   | 1,286,192                | 282,601                  |
| Fundraising  | 467,763                  | 620,799                  |
| Total expenses before non-recurring expenses                 | 217,804,537              | 195,074,811              |
| Non-recurring expenses, COVID-19                             | 8,393                    | 1,037,819                |
| Operating income (loss) before gains and losses              | (5,250,824)              | (3,979,756)              |
| Loss on sale and disposal of property                        | (860,625)                | (30,440)                 |
| Loss on impairment of asset                                  | (635,166)                | -                        |
| Operating income (loss)                                      | (6,746,615)              | (4,010,196)              |
| Other income (loss):   |                          |                          |
| Investment income, net of investment expense                 | 4,369,868                | 2,647,569                |
| Realized gain on investments                                 | 181,709                  | 2,026,907                |
| Unrealized gain (loss) on investments                        | 9,619,457                | (17,399,455)             |
| Loss on early extinguishment of debt                         | (765,698)                | -                        |
| Total other income (loss)                                    | 13,405,335               | (12,724,979)             |
| Revenues in excess of (less than) expenses                   | 6,658,720                | (16,735,175)             |
| Transfer to affiliated entity                                | -                        | (725,000)                |
| Grant revenue - capital                                      | -                        | 637,183                  |
| Increase (decrease) in net assets without donor restrictions | 6,658,720                | (16,822,992)             |

**Presbyterian Homes Obligated Group**

Statements of Operations and Changes in Net Assets

Period ended December 31, 2023 and year ended December 31, 2022

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <b>Net Assets With Donor Restrictions</b>                 |                          |                          |
| Contributions, gifts, grants and bequests                 | 1,301,384                | 1,216,357                |
| Investment income, net of investment expense              | 68,271                   | 82,871                   |
| Unrealized gain (loss) on investments                     | 1,694,724                | (4,474,792)              |
| Net assets released from restrictions                     | <u>(687,704)</u>         | <u>(709,098)</u>         |
| Increase (decrease) in net assets with donor restrictions | <u>2,376,676</u>         | <u>(3,884,662)</u>       |
| Increase (decrease) in net assets                         | 9,035,396                | (20,707,654)             |
| <b>Net Assets (Deficit), Beginning</b>                    | <u>220,974,767</u>       | <u>241,682,421</u>       |
| <b>Net Assets (Deficit), Ending</b>                       | <u>\$ 230,010,163</u>    | <u>\$ 220,974,767</u>    |

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**Presbyterian Homes Obligated Group**

## Statements of Cash Flows

Period ended December 31, 2023 and year ended December 31, 2022

|   | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|---|--------------------------|--------------------------|
| <b>Cash Flows From Operating Activities</b>   |                          |                          |
| Increase (decrease) in net assets   | \$ 9,035,396             | \$ (20,707,654)          |
| Adjustments to reconcile increase (decrease) in net assets (deficit) to net cash provided by (used in) operating activities |                          |                          |
| Depreciation  | 25,063,463               | 24,799,176               |
| Provision for doubtful collections  | 2,427,462                | 1,069,215                |
| Proceeds from non-refundable fees and deposits  | 25,878,134               | 26,384,571               |
| Amortization of entrance fees   | (19,867,271)             | (16,756,172)             |
| Loss on early extinguishment of debt  | 765,698                  | -                        |
| Unrealized (gain) loss on investments and change in fair value of funds held in trust by others                             | (11,314,181)             | 21,874,247               |
| Realized gain on investments  | (181,709)                | (2,026,907)              |
| Loss on sale of community and disposals of property and equipment   | 860,625                  | 30,440                   |
| Contributions restricted for long-term purposes   | (55,525)                 | (222,477)                |
| Amortization of deferred financing costs  | (131,547)                | 128,372                  |
| Amortization of bond premium  | (400,757)                | (407,025)                |
| Amortization of bond discount   | 83,210                   | -                        |
| Loss on impairment of asset   | 635,166                  | -                        |
| Changes in assets and liabilities   |                          |                          |
| Accounts receivable   | (6,925,507)              | (377,236)                |
| Entrance fee receivable   | 484,151                  | (1,053,219)              |
| Other assets  | 2,458,209                | (441,264)                |
| Accounts payable  | 3,112,274                | (2,288,776)              |
| Accrued expenses  | 5,554,641                | 925,513                  |
| Other liabilities   | (1,695,747)              | (185,589)                |
| CARES act funding liabilities   | 36,308                   | (4,451,820)              |
| Net cash provided by operating activities   | <u>35,822,493</u>        | <u>26,293,394</u>        |
| <b>Cash Flows From Investing Activities</b>   |                          |                          |
| Acquisition of property and equipment   | (34,407,539)             | (27,221,715)             |
| Proceeds from sale of property and equipment  | 2,600,000                | 200,211                  |
| Amounts paid in acquisitions  | (79,764,976)             | -                        |
| Purchases of investments  | (38,375,473)             | (48,572,873)             |
| Proceeds from sale of investments   | 37,640,592               | 49,407,224               |
| Due from affiliates, net  | 126,375                  | 1,811,067                |
| Net cash used in investing activities   | <u>(112,181,021)</u>     | <u>(24,376,086)</u>      |
| <b>Cash Flows From Financing Activities</b>   |                          |                          |
| Refunds of entrance fees and deposits   | (4,941,393)              | (3,681,435)              |
| Proceeds from refundable entrance fees and deposits, resales  | 443,405                  | 239,325                  |
| Proceeds from refundable entrance fees and deposits, new units  | 1,554,032                | 798,668                  |
| Principal payments on redemptions of long-term debt   | (17,904,669)             | (13,041,996)             |
| Proceeds from issuance of long-term debt  | 216,090,000              | -                        |
| Early payoff of long-term debt  | (100,387,570)            | -                        |
| Financing costs paid  | (6,516,436)              | -                        |
| (Repayments) borrowings on lines of credit  | 147,833                  | 1,008,724                |
| Contributions restricted for long-term purposes   | 55,525                   | 222,477                  |
| Net cash provided by (used in) financing activities   | <u>88,540,727</u>        | <u>(14,454,238)</u>      |
| Net change in cash, cash equivalents and restricted cash  | 12,182,199               | (12,536,928)             |
| <b>Cash, cash equivalents and restricted cash, beginning</b>  | <u>51,967,810</u>        | <u>64,504,738</u>        |
| <b>Cash, cash equivalents and restricted cash, ending</b>   | <u>\$ 64,150,009</u>     | <u>\$ 51,967,810</u>     |
| Cash and cash equivalents   | \$ 15,213,460            | \$ 10,041,000            |
| Restricted cash in investments  | 48,936,550               | 41,926,810               |
| Total cash, cash equivalents and restricted cash  | <u>\$ 64,150,009</u>     | <u>\$ 51,967,810</u>     |