

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

February 29, 2020 and December 31, 2019

Assets	February 29, 2020	December 31, 2019
Cash and cash equivalents	\$ 1,589,266	11,139,633
Investments	71,430,540	72,958,043
Statutory minimum liquid reserve	12,191,921	12,216,204
Accounts receivable, net	16,196,849	16,406,914
Prepaid expenses	3,969,325	3,543,509
Assets whose use is limited	6,303,662	6,245,481
Assets whose use is limited, capital assets	14,237,557	17,324,107
Promises to give, net	281,411	255,968
Assets held for sale	3,619,230	3,619,230
Property and equipment (net of accumulated depreciation of \$293,948,401 and \$290,466,288, respectively)	356,289,053	356,488,553
Financing leases (net of accumulated depreciation of \$879,055 and \$797,499, respectively)	1,169,563	1,139,573
Assets under operating leases	83,971	96,643
Due from affiliates, net	83,075,960	80,989,105
Funds held in trust by others	18,512,601	19,321,794
Goodwill (net of accumulated amortization of \$329,701 and \$282,601, respectively)	1,507,207	1,554,307
Other assets	<u>16,272</u>	<u>27,230</u>
Total assets	<u>\$ 590,474,389</u>	<u>603,326,294</u>

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February 29, 2020 and December 31, 2019

Liabilities and Net Assets	February 29, 2020	December 31, 2019
Accounts payable	\$ 6,649,119	8,604,404
Accrued expenses	14,148,525	15,957,412
Lines of credit	10,360,828	15,198,790
Accrued interest	913,869	743,757
Resident deposits	3,064,151	2,338,788
Entrance fee payable	10,847,570	10,850,556
Deferred revenue – entrance fees	106,703,163	107,392,209
Deferred energy costs	1,005,385	1,015,777
Annuities payable	582,154	608,759
Obligations under operating leases	83,971	96,643
Long-term debt		
Obligations under financing leases	1,285,203	1,155,723
Long-term debt	235,114,962	236,946,145
Total liabilities	390,758,902	400,908,963
Net assets:		
Without donor restrictions	174,038,305	175,925,636
With donor restrictions	25,677,182	26,491,695
Total net assets	199,715,487	202,417,331
Total liabilities and net assets	\$ 590,474,389	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Months ended February 29, 2020 and year ended December 31, 2019

	<u>February 29,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 33,582,647	199,622,256
Amortization of entrance fees	2,926,387	16,955,577
Implicit price concession	<u>(326,515)</u>	<u>(2,209,959)</u>
Total resident services	36,182,519	214,367,874
Contributions, gifts and bequests	195,284	459,266
Net assets released from restrictions	<u>—</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	36,377,803	216,043,721
Cost of services provided:		
Nursing services	9,985,886	59,488,679
Rehabilitation	2,448,962	16,118,459
Recreation and special services	983,960	5,847,631
Pharmacy	579,656	3,354,446
Social services	168,813	1,015,769
Physician services	123,426	729,176
Food services	3,959,506	23,819,083
Building operations and maintenance	4,263,174	24,579,664
Housekeeping	654,815	3,871,340
Laundry and linen	213,547	1,272,211
General and administrative	5,183,219	30,531,494
Employee benefits	1,963,886	11,494,826
Interest	1,210,514	7,966,263
Depreciation	3,621,243	21,525,057
Amortization	47,100	282,601
Fundraising	120,071	742,586
Total cost of services provided	<u>35,527,778</u>	<u>212,639,285</u>
Excess of revenues and other support over expenses	850,025	3,404,436
Other (expense) income:		
Investment income, net of investment expense	153,752	2,085,992
Realized gain on investments	46,437	1,982,030
Unrealized (loss) gain on investments	(2,943,046)	4,137,173
Gain (loss) on sale of property and equipment	5,500	<u>(670,883)</u>
Total other (expense) income	<u>(2,737,356)</u>	<u>7,534,312</u>
(Deficit) excess of revenues, gains and other support over expenses and losses	(1,887,331)	10,938,748
Loss on early extinguishment of debt	<u>—</u>	<u>(165,422)</u>
Loss on impairment of asset	<u>—</u>	<u>(505,085)</u>
Change in net assets without donor restrictions	(1,887,331)	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Months ended February 29, 2020 and year ended December 31, 2019

	February 29, 2020	December 31, 2019
Net assets with donor restrictions		
Contributions, gifts and bequests	–	973,389
Investment income, net of investment expense	–	116,614
Unrealized (loss) gain on investments	(814,513)	2,233,423
Net assets released from restrictions	–	(1,216,581)
Change in net assets with donor restrictions	(814,513)	2,106,845
Change in net assets	(2,701,844)	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 199,715,487	202,417,331

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Months ended February 29, 2020 and year ended December 31, 2019

	<u>February 29, 2020</u>	<u>December 31, 2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,701,845)	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,621,243	21,525,057
Provision for implicit price concession	317,574	1,914,132
Proceeds from entrance fees and deposits	3,572,913	25,063,395
Amortization of entrance fees	(2,926,387)	(16,955,577)
Loss on extinguishment of debt	-	165,422
Unrealized loss (gain) on investments and assets held in trust by others	3,757,559	(6,370,596)
Realized gain on investments	(46,437)	(1,982,030)
Realized loss on property, plant and equipment	(5,500)	670,883
Contributions restricted for long-term purposes	-	(59,112)
Amortization of deferred financing costs	26,493	195,666
Amortization of bond discount/premium	(4,460)	(26,761)
Amortization of goodwill	47,100	282,601
Deferred energy cost adjustment	(10,392)	(62,352)
Loss on impairment of asset	-	505,085
Change in assets and liabilities:		
Accounts receivable	(574,510)	833,808
Entrance fee receivable	467,000	(379,727)
Promises to give	(25,443)	71,445
Other assets	(414,813)	(648,721)
Accounts payable	(1,955,286)	(204,893)
Accrued expenses and deferred revenue other	(1,638,774)	2,333,172
Net cash provided by operating activities	<u>1,506,036</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(3,446,233)	(28,981,368)
Net proceeds from sale of property and equipment	-	1,980,000
Net proceeds from sale of (purchase of) investments	<u>1,678,226</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(1,768,008)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(610,209)	(4,484,519)
Change in entrance fee payable	(2,986)	(1,312,732)
Principal payments on long-term debt	(1,853,259)	(12,573,234)
Proceeds from issuance of long-term debt	-	14,805,170
Refunding, refinancing or payoff of long-term debt	-	(14,882,520)
Redemption of treasury bonds	-	50,000
Financing costs incurred	-	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(4,837,962)	679,992
Borrowings under finance leases	208,583	670,619
Repayments of finance lease obligations	(79,103)	(416,360)
Contributions restricted for long-term purposes	-	59,112
Change in annuities payable	(26,605)	(7,705)
Increase in due from affiliates	<u>(2,086,855)</u>	<u>(1,979,846)</u>
Net cash used in financing activities	<u>(9,288,396)</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(9,550,367)	(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	1,589,266	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	<u>21,369,886</u>	<u>30,920,253</u>