

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

January 31, 2019 and December 31, 2018

Assets	January 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 720,211	898,783
Investments	70,715,488	71,716,437
Statutory minimum liquid reserve	10,698,774	14,414,768
Accounts receivable, net	18,790,530	18,775,127
Prepaid expenses	3,181,882	2,883,884
Assets whose use is limited	6,187,786	7,976,654
Assets whose use is limited, capital assets	25,015,290	25,737,965
Promises to give, net	333,333	327,413
Assets held for sale	10,000	10,000
Property and equipment (net of accumulated depreciation of \$271,113,270 and \$269,392,896 respectively)	354,568,346	356,110,951
Assets under financing leases (net of accumulated depreciation of \$1,450,788 and \$1,421,806 respectively)	797,080	826,062
Assets under operating leases	149,239	158,312
Due from affiliates	80,641,614	79,009,259
Assets held in trust by others	17,585,706	17,388,344
Goodwill	1,836,908	1,836,908
Other assets	29,765	38,134
Total assets	\$ <u>591,261,952</u>	<u>598,109,001</u>

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Combined Statements of Financial Position

January 31, 2019 and December 31, 2018

Liabilities and Net Assets	January 31, 2019	December 31, 2018
Accounts payable	\$ 6,425,833	8,809,297
Accrued expenses	14,576,455	13,689,413
Lines of credit	8,529,729	14,518,798
Accrued interest	908,698	678,584
Resident deposits	1,896,913	1,571,124
Entrance fee payable	12,158,238	12,163,288
Deferred revenue – entrance fees	104,400,729	104,536,574
Deferred energy costs	1,072,933	1,078,129
Annuities payable	616,542	616,464
Long-term debt		
Obligations under capital leases	905,192	901,464
Obligations under operating leases	149,239	158,312
Long-term debt	<u>247,035,343</u>	<u>249,345,309</u>
Total liabilities	398,675,845	408,066,756
Net assets:		
Without donor restrictions	167,748,894	165,657,395
With donor restrictions	<u>24,837,213</u>	<u>24,384,850</u>
Total net assets	<u>192,586,106</u>	<u>190,042,245</u>
Total liabilities and net assets	<u>\$ 591,261,952</u>	<u>598,109,001</u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Month ended January 31, 2019 and year ended December 31, 2018

	January 31, 2019	December 31, 2018
	<hr/>	<hr/>
Revenues and other support:		
Resident services, including amortization of entrance fees of \$1,464,626 and \$16,854,680, respectively	\$ 18,162,486	213,142,744
Contributions, gifts and bequests	129,323	439,582
Net assets released from restrictions	—	993,352
Total operating revenues, gains, and other support	<hr/> 18,291,809	<hr/> 214,575,678
Cost of services provided:		
Nursing services	5,043,747	58,037,632
Rehabilitation	1,457,573	17,048,858
Recreation and special services	468,925	5,636,302
Pharmacy	248,619	3,379,777
Social services	84,031	983,872
Physician services	60,896	728,900
Food services	1,910,516	23,082,692
Building operations and maintenance	2,108,119	23,973,975
Housekeeping	314,660	3,832,542
Laundry and linen	100,469	1,130,188
General and administrative	2,713,795	33,744,222
Employee benefits	915,459	9,823,871
Interest	708,505	7,749,574
Depreciation	1,749,356	20,351,309
Fundraising	51,558	692,179
Total cost of services provided	<hr/> 17,936,228	<hr/> 210,195,893
Excess of revenues and other support over expenses	355,581	4,379,785
Other income:		
Investment income, net of investment expense	52,614	2,432,892
Realized loss on investments	(18,348)	(2,859,511)
Unrealized gain on investments	1,697,332	1,337,728
Gain (loss) on sale of property and equipment	4,320	(21,145)
Total other income	<hr/> 1,735,918	<hr/> 889,964
Excess of revenues, gains and other support over expenses and losses	2,091,499	5,269,749
Decrease in fair value of interest rate swaps	—	5,950
Loss on early extinguishment of debt	—	(122,288)
Loss on impairment of asset	—	(384,945)
Change in net assets without donor restrictions	<hr/> 2,091,499	<hr/> 4,768,466

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Month ended January 31, 2019 and year ended December 31, 2018

	January 31, 2019	December 31, 2018
Net assets with donor restrictions		
Contributions, gifts and bequests	–	767,917
Interest and dividend income	–	112,410
Unrealized gain (loss) on investments	452,362	(1,692,125)
Net assets released from restrictions	–	(993,352)
Change in net assets with donor restrictions	452,362	(1,805,150)
Change in net assets	2,543,861	2,963,316
Net assets beginning of year	190,042,245	187,078,929
Net assets, end of year	<u>\$ 192,586,106</u>	<u>190,042,245</u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Month ended January 31, 2019 and year ended December 31, 2018

	January 31, 2019	December 31, 2018
Cash flows from operating activities:		
Change in net assets	\$ 2,543,861	2,963,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,749,356	20,351,309
Provision for bad debt	192,375	3,223,583
Proceeds from entrance fees and deposits	1,924,026	25,097,388
Amortization of entrance fees	(1,464,626)	(16,854,680)
Loss on extinguishment of debt	—	122,288
Change in fair value rate swap	—	(5,950)
Unrealized (gain) loss on investments and assets held in trust by others	(2,149,694)	354,397
Realized loss on investments	18,348	2,859,511
Realized (gain) loss on property, plant and equipment	(4,320)	21,145
Contributions restricted for long-term purposes	—	(93,708)
Amortization of deferred financing costs	16,185	176,120
Amortization of bond discount/premium	(2,230)	(17,030)
Deferred energy cost adjustment	(5,196)	(62,352)
Loss on impairment of asset	—	384,945
Change in assets and liabilities:		
Accounts receivable	(75,141)	(1,039,879)
Entrance fee receivable	(132,637)	2,164,463
Promises to give	(5,920)	37,490
Other assets	(289,606)	(36,514)
Accounts payable	(2,383,464)	2,111,752
Accrued expenses and deferred revenue other	1,117,156	(565,754)
Net cash provided by operating activities	1,048,472	41,191,840
Cash flows from investing activities:		
Acquisition of property and equipment	(173,449)	(25,510,751)
Net proceeds from (purchase) sale of investments	9,162,470	18,727,162
Net cash provided by (used in) investing activities	8,989,022	(6,783,589)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(269,455)	(5,327,446)
Change in entrance fee payable	(5,050)	(2,363,300)
Principal payments on long-term debt	(2,323,942)	(12,674,037)
Proceeds from issuance of long-term debt	—	33,380,681
Refunding, refinancing or payoff of long-term debt	—	(3,380,681)
Redemption of treasury bonds	—	6,197,712
Financing costs incurred	—	(240,700)
Repayments on notes payable and lines of credit	(5,989,069)	(1,364,226)
Borrowings through capital leases	29,581	840,657
Repayments on capital lease obligations	(25,853)	(227,799)
Contributions restricted for long-term purposes	—	93,708
Change in annuities payable	78	(84,356)
Increase in due from affiliates	(1,632,355)	(3,022,822)
Net cash (used in) provided by financing activities	(10,216,066)	11,827,391
Net decrease in cash and cash equivalents	(178,572)	46,235,642
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	898,783	950,523
Restricted	56,494,267	10,206,885
	57,393,050	11,157,408
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	720,211	898,783
Restricted	56,494,267	56,494,267
	57,214,478	57,393,050