

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

January 31, 2020 and December 31, 2019

Assets	<u>January 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 1,411,568	11,139,633
Investments	74,034,110	72,958,043
Statutory minimum liquid reserve	12,274,898	12,216,204
Accounts receivable, net	15,457,234	16,406,914
Prepaid expenses	4,370,707	3,543,509
Assets whose use is limited	6,274,663	6,245,481
Assets whose use is limited, capital assets	15,058,734	17,324,107
Promises to give, net	253,411	255,968
Assets held for sale	3,619,230	3,619,230
Property and equipment (net of accumulated depreciation of \$292,233,800 and \$290,466,288, respectively)	355,855,039	356,488,553
Financing leases (net of accumulated depreciation of \$836,996 and \$797,499, respectively)	1,100,076	1,139,573
Assets under operating leases	90,092	96,643
Due from affiliates, net	81,729,063	80,989,105
Funds held in trust by others	19,285,192	19,321,794
Goodwill (net of accumulated amortization of \$306,151 and \$282,601, respectively)	1,530,757	1,554,307
Other assets	<u>47,726</u>	<u>27,230</u>
Total assets	<u>\$ 592,392,498</u>	<u>603,326,294</u>

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January 31, 2020 and December 31, 2019

Liabilities and Net Assets	January 31, 2020	December 31, 2019
Accounts payable	\$ 6,061,968	8,604,404
Accrued expenses	14,834,823	15,957,412
Lines of credit	8,159,447	15,198,790
Accrued interest	844,483	743,757
Resident deposits	2,867,739	2,338,788
Entrance fee payable	10,846,700	10,850,556
Deferred revenue – entrance fees	107,095,658	107,392,209
Deferred energy costs	1,010,581	1,015,777
Annuities payable	600,006	608,759
Obligations under operating leases	90,092	96,643
Long-term debt		
Obligations under financing leases	1,317,558	1,155,723
Long-term debt	235,894,020	236,946,145
Total liabilities	389,623,076	400,908,963
Net assets:		
Without donor restrictions	176,319,650	175,925,636
With donor restrictions	26,449,772	26,491,695
Total net assets	202,769,422	202,417,331
Total liabilities and net assets	\$ 592,392,498	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Month ended January 31, 2020 and year ended December 31, 2019

	<u>January 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 17,193,293	199,622,256
Amortization of entrance fees	1,450,868	16,955,577
Implicit price concession	<u>(181,970)</u>	<u>(2,209,959)</u>
Total resident services	18,462,191	214,367,874
Contributions, gifts and bequests	49,395	459,266
Net assets released from restrictions	<u>—</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	18,511,587	216,043,721
Cost of services provided:		
Nursing services	5,140,094	59,488,679
Rehabilitation	1,277,871	16,118,459
Recreation and special services	498,398	5,847,631
Pharmacy	253,766	3,354,446
Social services	89,736	1,015,769
Physician services	63,430	729,176
Food services	2,008,039	23,819,083
Building operations and maintenance	2,161,897	24,579,664
Housekeeping	342,211	3,871,340
Laundry and linen	107,363	1,272,211
General and administrative	2,581,451	30,531,494
Employee benefits	963,083	11,494,826
Interest	630,739	7,966,263
Depreciation	1,807,009	21,525,057
Amortization	23,550	282,601
Fundraising	<u>70,753</u>	<u>742,586</u>
Total cost of services provided	<u>18,019,389</u>	<u>212,639,285</u>
Excess of revenues and other support over expenses	492,198	3,404,436
Other (expense) income:		
Investment income, net of investment expense	84,096	2,085,992
Realized gain on investments	11,180	1,982,030
Unrealized (loss) gain on investments	(193,460)	4,137,173
Loss on sale of property and equipment	<u>—</u>	<u>(670,883)</u>
Total other (expense) income	<u>(98,183)</u>	<u>7,534,312</u>
Excess of revenues, gains and other support over expenses and losses	394,014	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	394,014	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Month ended January 31, 2020 and year ended December 31, 2019

	January 31, 2020	December 31, 2019
Net assets with donor restrictions		
Contributions, gifts and bequests	–	973,389
Interest and dividend income	–	116,614
Unrealized (loss) gain on investments	(41,923)	2,233,423
Net assets released from restrictions	–	(1,216,581)
Change in net assets with donor restrictions	(41,923)	2,106,845
Change in net assets	352,091	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 202,769,422	202,417,331

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Month ended January 31, 2020 and year ended December 31, 2019

	<u>January 31, 2020</u>	<u>December 31, 2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 352,091	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,807,009	21,525,057
Provision for implicit price concession	173,029	1,914,132
Proceeds from entrance fees and deposits	1,937,230	25,063,395
Amortization of entrance fees	(1,450,868)	(16,955,577)
Loss on extinguishment of debt	-	165,422
Unrealized loss (gain) on investments and assets held in trust by others	235,383	(6,370,597)
Realized gain on investments	(11,180)	(1,982,030)
Realized loss on property, plant and equipment	-	670,883
Contributions restricted for long-term purposes	-	(59,112)
Amortization of deferred financing costs	13,246	195,666
Amortization of bond discount/premium	(2,230)	(26,762)
Amortization of goodwill	23,550	282,601
Deferred energy cost adjustment	(5,196)	(62,352)
Loss on impairment of asset	-	505,085
Change in assets and liabilities:		
Accounts receivable	218,151	833,808
Entrance fee receivable	558,500	(379,727)
Promises to give	2,557	71,445
Other assets	(847,672)	(648,456)
Accounts payable	(2,542,437)	(204,893)
Accrued expenses and deferred revenue other	(1,021,862)	2,333,172
Net cash (used in) provided by operating activities	<u>(560,700)</u>	<u>39,246,246</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(1,133,997)	(28,981,368)
Net proceeds from sale of property and equipment	-	1,980,000
Net proceeds from sale of (purchase of) investments	<u>913,832</u>	<u>(19,192,481)</u>
Net cash used in investing activities	(220,165)	(46,193,849)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(253,963)	(4,484,519)
Change in entrance fee payable	(3,856)	(1,312,732)
Principal payments on long-term debt	(1,063,163)	(12,573,501)
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	(7,039,343)	679,992
Borrowings under finance leases	202,341	670,619
Repayments of finance lease obligations	(40,506)	(416,360)
Contributions restricted for long-term purposes	-	59,112
Change in annuities payable	(8,753)	(7,705)
Increase in due from affiliates	<u>(739,958)</u>	<u>(1,979,844)</u>
Net cash used in financing activities	<u>(8,947,200)</u>	<u>(19,525,195)</u>
Net decrease in cash and cash equivalents	(9,728,065)	(26,472,798)
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	1,411,568	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	<u>21,192,188</u>	<u>30,920,253</u>