

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

July 31, 2019 and December 31, 2018

Assets	July 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 979,400	898,783
Investments	70,183,386	71,716,437
Statutory minimum liquid reserve	11,390,344	14,414,768
Accounts receivable, net	16,282,208	18,775,127
Prepaid expenses	5,509,467	2,883,884
Assets whose use is limited	6,266,033	7,976,654
Assets whose use is limited, capital assets	21,824,107	25,737,965
Promises to give, net	319,182	327,413
Assets held for sale	—	10,000
Property and equipment (net of accumulated depreciation of \$281,400,992 and \$269,392,896, respectively)	353,301,520	356,110,951
Financing leases (net of accumulated depreciation of \$1,660,480 and \$1,421,806, respectively)	963,706	826,062
Assets under operating leases	97,710	158,312
Due from affiliates	83,449,859	79,009,259
Assets held in trust by others	18,495,952	17,388,344
Goodwill	1,836,908	1,836,908
Other assets	48,625	38,134
Total assets	\$ <u>590,948,406</u>	<u>598,109,001</u>

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Combined Statements of Financial Position

July 31, 2019 and December 31, 2018

Liabilities and Net Assets	July 30, 2019	December 31, 2018
Accounts payable	\$ 6,881,258	8,809,297
Accrued expenses	13,930,688	13,689,413
Lines of credit	5,711,326	14,518,798
Accrued interest	941,574	678,584
Resident deposits	1,808,837	1,571,124
Entrance fee payable	11,697,636	12,163,288
Deferred revenue – entrance fees	107,066,822	104,536,574
Deferred energy costs	1,041,757	1,078,129
Annuities payable	594,016	616,464
Obligations under operating leases	97,710	158,312
Long-term debt		
Obligations under financing leases	976,352	901,464
Long-term debt	241,636,484	249,345,309
Total liabilities	392,384,461	408,066,756
Net assets:		
Without donor restrictions	172,833,946	165,657,395
With donor restrictions	25,730,000	24,384,850
Total net assets	198,563,946	190,042,245
Total liabilities and net assets	\$ 590,948,406	598,109,001

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Months ended July 31, 2019 and year ended December 31, 2018

	<u>July 30, 2019</u>	<u>December 31, 2018</u>
Revenues and other support:		
Resident services		
Resident services	\$ 116,484,659	196,288,064
Amortization of entrance fees	9,646,508	16,854,680
Implicit price concession	<u>(1,330,901)</u>	<u>(2,556,341)</u>
Total resident services	124,800,266	210,586,403
Contributions, gifts and bequests	322,135	439,582
Net assets released from restrictions	<u>419,542</u>	<u>993,352</u>
Total operating revenues, gains, and other support	125,541,944	212,019,337
Cost of services provided:		
Nursing services	34,206,962	58,037,632
Rehabilitation	9,645,772	17,048,858
Recreation and special services	3,349,126	5,636,302
Pharmacy	1,979,245	3,379,777
Social services	589,377	983,872
Physician services	426,845	728,900
Food services	13,746,139	23,082,692
Building operations and maintenance	14,293,829	23,973,975
Housekeeping	2,215,320	3,832,542
Laundry and linen	701,943	1,130,188
General and administrative	17,569,539	31,187,883
Employee benefits	6,399,692	9,823,871
Interest	4,731,109	7,749,574
Depreciation	12,310,746	20,351,309
Fundraising	<u>314,604</u>	<u>692,179</u>
Total cost of services provided	<u>122,480,249</u>	<u>207,639,554</u>
Excess of revenues and other support over expenses	3,061,694	4,379,783
Other income:		
Investment income, net of investment expense	993,560	2,432,892
Realized gain (loss) on investments	34,738	(2,859,511)
Unrealized gain on investments	3,760,731	1,337,728
Loss on sale of property and equipment	<u>(674,173)</u>	<u>(21,145)</u>
Total other income	4,114,856	889,964
Excess of revenues, gains and other support over expenses and losses	7,176,551	5,269,747
Decrease in fair value of interest rate swaps	-	5,950
Loss on early extinguishment of debt	-	(122,288)
Loss on impairment of asset	<u>-</u>	<u>(384,945)</u>
Change in net assets without donor restrictions	7,176,551	4,768,464

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Months ended July 31, 2019 and year ended December 31, 2018

	July 30, 2019	December 31, 2018
	<u> </u>	<u> </u>
Net assets with donor restrictions		
Contributions, gifts and bequests	510,318	767,918
Interest and dividend income	57,736	112,411
Unrealized gain (loss) on investments	1,196,638	(1,692,125)
Net assets released from restrictions	<u>(419,542)</u>	<u>(993,352)</u>
Change in net assets with donor restrictions	1,345,150	(1,805,148)
Change in net assets	8,521,700	2,963,316
Net assets beginning of year	<u>190,042,245</u>	<u>187,078,929</u>
Net assets, end of year	<u><u>\$ 198,563,945</u></u>	<u><u>190,042,245</u></u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Months ended July 31, 2019 and year ended December 31, 2018

	<u>July 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,521,700	2,963,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,310,746	20,351,309
Provision for bad debt	1,130,398	3,223,583
Proceeds from entrance fees and deposits	15,265,633	25,097,388
Amortization of entrance fees	(9,646,508)	(16,854,680)
Loss on extinguishment of debt	—	122,288
Change in fair value rate rate swap	—	(5,950)
Unrealized (gain) loss on investments and assets held in trust by others	(4,957,369)	354,397
Realized (gain) loss on investments	(34,738)	2,859,511
Realized loss on property, plant and equipment	674,173	21,145
Contributions restricted for long-term purposes	(7,000)	(93,708)
Amortization of deferred financing costs	114,037	176,120
Amortization of bond discount/premium	(15,611)	(17,030)
Deferred energy cost adjustment	(36,372)	(62,352)
Loss on impairment of asset	—	384,945
Repayments of operating leases	(60,602)	(105,008)
Change in assets and liabilities:		
Accounts receivable	1,473,742	(1,039,879)
Entrance fee receivable	(111,221)	2,164,463
Promises to give	8,231	37,490
Other assets	(2,635,919)	(36,780)
Accounts payable	(1,928,039)	2,111,752
Accrued expenses and deferred revenue other	504,265	(565,754)
Net cash provided by operating activities	<u>20,569,548</u>	<u>41,086,566</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(12,222,530)	(25,510,751)
Net proceeds from sale of property and equipment	1,980,000	—
Net proceeds from sale of investments	<u>8,056,444</u>	<u>18,727,345</u>
Net cash used in investing activities	<u>(2,186,086)</u>	<u>(6,783,406)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(2,851,164)	(5,327,446)
Change in entrance fee payable	(465,652)	(2,363,300)
Principal payments on long-term debt	(7,780,242)	(12,551,749)
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	(27,164)	(362,722)
Repayments on notes payable and lines of credit	(8,807,472)	(1,364,226)
Borrowings under finance leases	304,016	840,657
Repayments of finance lease obligations	(229,128)	(227,799)
Contributions restricted for long-term purposes	7,000	93,708
Change in annuities payable	(22,448)	(84,356)
Increase in due from affiliates	(4,440,600)	(3,022,822)
Net cash (used in) provided by financing activities	<u>(24,312,854)</u>	<u>11,827,657</u>
Net (decrease) increase in cash and cash equivalents	<u>(5,929,392)</u>	<u>46,130,817</u>
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	898,783	950,523
Restricted	<u>56,494,267</u>	<u>10,206,702</u>
	57,393,050	11,157,225
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	979,400	898,783
Restricted	<u>50,484,258</u>	<u>56,494,267</u>
	51,463,658	57,393,050