

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Financial Position

July 31, 2020 and December 31, 2019

Assets	<u>July 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 1,456,841	11,139,633
Investments	76,515,888	72,958,043
Statutory minimum liquid reserve	12,647,159	12,216,204
Accounts receivable, net	12,278,121	16,406,914
Prepaid expenses	6,158,597	3,543,509
Assets whose use is limited	17,491,899	6,245,481
Assets whose use is limited, capital assets	7,706,500	17,324,107
Promises to give, net	275,584	255,968
Assets held for sale	2,350,618	3,619,230
Property and equipment (net of accumulated depreciation of \$302,879,676 and \$290,466,288, respectively)	365,464,478	356,488,553
Financing leases (net of accumulated depreciation of \$1,100,171 and \$797,499, respectively)	1,280,995	1,139,573
Assets under operating leases	63,052	96,643
Due from affiliates, net	81,318,983	80,989,105
Funds held in trust by others	18,735,009	19,321,794
Goodwill (net of accumulated amortization of \$447,452 and \$282,601, respectively)	1,389,456	1,554,307
Other assets	<u>37,081</u>	<u>27,230</u>
Total assets	<u>\$ 605,170,262</u>	<u>603,326,294</u>

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Financial Position

July 31, 2020 and December 31, 2019

<b>Liabilities and Net Assets</b>	<b>July 31, 2020</b>	<b>December 31, 2019</b>
Accounts payable	\$ 16,578,326	8,604,404
Accrued expenses	13,272,642	15,957,412
Lines of credit	3,134,103	15,198,790
Accrued interest	726,644	743,757
Resident deposits	4,330,787	2,338,788
Entrance fee payable	10,451,820	10,850,556
Deferred revenue – other	3,371,812	—
Deferred revenue – entrance fees	103,664,233	107,392,209
Deferred energy costs	979,405	1,015,777
Annuities payable	585,105	608,759
Obligations under operating leases	63,052	96,643
Long-term debt		
Obligations under financing leases	1,323,517	1,155,723
Long-term debt	243,906,148	236,946,145
<b>Total liabilities</b>	<b>402,387,595</b>	<b>400,908,963</b>
Net assets:		
Without donor restrictions	176,607,883	175,925,636
With donor restrictions	26,174,783	26,491,695
<b>Total net assets</b>	<b>202,782,666</b>	<b>202,417,331</b>
<b>Total liabilities and net assets</b>	<b>\$ 605,170,261</b>	<b>603,326,294</b>

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Operations and Changes in Net Assets

Periods ended July 31, 2020 and year ended December 31, 2019

	<u>July 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 110,595,305	199,622,256
Amortization of entrance fees	9,773,117	16,955,577
Implicit price concession	<u>(1,418,136)</u>	<u>(2,209,959)</u>
Total resident services	118,950,287	214,367,874
Contributions, gifts and bequests	431,133	459,266
Government stimulus	6,445,916	-
Net assets released from restrictions	<u>129,667</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	125,957,002	216,043,721
Cost of services provided:		
Nursing services	35,749,597	59,488,679
Rehabilitation	8,506,078	16,118,459
Recreation and special services	2,432,880	5,847,631
Pharmacy	1,685,723	3,354,446
Social services	572,009	1,015,769
Physician services	425,950	729,176
Food services	13,779,931	23,819,083
Building operations and maintenance	14,947,949	24,579,664
Housekeeping	2,331,594	3,871,340
Laundry and linen	743,706	1,272,211
General and administrative	27,686,619	30,531,494
Employee benefits	6,235,298	11,494,826
Interest	3,994,839	7,966,263
Depreciation	12,773,634	21,525,057
Amortization	164,851	282,601
Fundraising	<u>328,496</u>	<u>742,586</u>
Total cost of services provided	<u>132,359,153</u>	<u>212,639,285</u>
(Deficit) excess of revenues and other support over expenses	(6,402,151)	3,404,436
Other (expense) income:		
Investment income, net of investment expense	1,017,966	2,085,992
Realized gain on investments	54,240	1,982,030
Unrealized (loss) gain on investments	(1,173,022)	4,137,173
Loss on sale of property and equipment	<u>(252,332)</u>	<u>(670,883)</u>
Total other (expense) income	(353,147)	7,534,312
(Deficit) excess of revenues, gains and other support over expenses and losses	(6,755,298)	10,938,748
Loss on early extinguishment of debt	(75,093)	(165,422)
Loss on impairment of asset	-	(505,085)
Transfer to affiliated entity	(3,262)	-
Loan forgiveness	<u>7,515,900</u>	<u>-</u>
Change in net assets without donor restrictions	682,247	10,268,241

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Operations and Changes in Net Assets

Periods ended July 31, 2020 and year ended December 31, 2019

	<b>July 31, 2020</b>	<b>December 31, 2019</b>
Net assets with donor restrictions		
Contributions, gifts and bequests	383,273	973,389
Investment income, net of investment expense	59,027	116,614
Unrealized (loss) gain on investments	(629,545)	2,233,423
Net assets released from restrictions	<u>(129,667)</u>	<u>(1,216,581)</u>
Change in net assets with donor restrictions	(316,912)	2,106,845
 Change in net assets	 365,335	 12,375,086
Net assets beginning of year	<u>202,417,331</u>	<u>190,042,245</u>
Net assets, end of year	<u>\$ 202,782,666</u>	<u>202,417,331</u>

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Cash Flows

Periods ended July 31, 2020 and year ended December 31, 2019

	<u>July 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 365,335	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,773,634	21,525,057
Provision for implicit price concession and bad debt	2,543,273	1,914,132
Proceeds from entrance fees and deposits	10,006,248	25,063,395
Amortization of entrance fees	(9,773,117)	(16,955,577)
Loan forgiveness	(7,515,900)	—
Loss on extinguishment of debt	75,093	165,422
Unrealized loss (gain) on investments and assets held in trust by others	1,802,567	(6,370,596)
Realized gain on investments	(54,240)	(1,982,030)
Realized loss on property, plant and equipment	252,332	670,883
Contributions restricted for long-term purposes	(9,786)	(59,112)
Amortization of deferred financing costs	91,527	195,666
Amortization of bond discount/premium	(15,611)	(26,761)
Amortization of goodwill	164,851	282,601
Deferred energy cost adjustment	(36,372)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	893,530	833,808
Entrance fee receivable	691,990	(379,727)
Promises to give	(19,616)	71,445
Other assets	(2,624,783)	(648,721)
Accounts payable	7,973,921	(204,893)
Accrued expenses and deferred revenue other	669,931	2,333,172
Net cash provided by operating activities	<u>18,254,804</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(21,898,016)	(28,981,368)
Net proceeds from sale of property and equipment	1,023,316	1,980,000
Net proceeds from purchase of investments	<u>(6,779,154)</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(27,653,854)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,969,107)	(4,484,519)
Change in entrance fee payable	(398,736)	(1,312,732)
Principal payments on long-term debt	(7,501,842)	(12,573,234)
Proceeds from issuance of long-term debt	25,470,900	14,805,170
Refunding, refinancing or payoff of long-term debt	(3,430,000)	(14,882,520)
Redemption of treasury bonds	—	50,000
Financing costs incurred	(214,318)	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(12,064,687)	679,992
Borrowings under finance leases	444,094	670,619
Repayments of finance lease obligations	(276,300)	(416,360)
Contributions restricted for long-term purposes	9,786	59,112
Change in annuities payable	(23,654)	(7,705)
Increase in due from affiliates	<u>(329,878)</u>	<u>(1,979,846)</u>
Net cash used in financing activities	<u>(283,743)</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(9,682,793)	(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	1,456,841	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	21,237,461	30,920,253