

Presbyterian Homes Obligated Group

Combined Statements of Financial Position
July 31, 2022 and December 31, 2021

	<u>July 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Cash and cash equivalents	\$ 1,560,769	\$ 11,239,818
Investments	102,438,616	113,869,829
Statutory liquid reserves	10,471,254	10,471,255
Accounts receivable, net	10,728,078	10,858,834
Assets whose use is limited	49,599,324	53,388,482
Property and equipment, net	371,793,271	375,066,095
Due from affiliates, net	85,090,371	88,045,022
Funds held in trust by others	18,606,601	21,414,680
Other assets	7,553,403	5,564,488
	<u>\$ 657,841,687</u>	<u>\$ 689,918,503</u>
Total assets		
Liabilities and Net Assets		
Accounts payable	\$ 11,996,327	\$ 10,373,384
Accrued expenses	13,066,529	14,135,713
Lines of credit	9,294,963	15,593,443
Resident deposits	1,966,529	2,507,309
Entrance fees payable	7,398,011	8,147,685
Other liabilities	3,775,123	5,362,815
Cares act funding liabilities	-	4,472,340
Long-term debt	263,708,349	272,663,720
Deferred revenues from entrance fees	119,082,311	114,979,674
	<u>430,288,142</u>	<u>448,236,083</u>
Total liabilities		
Net Assets		
Without donor restriction	200,773,759	212,527,325
With donor restrictions	26,779,786	29,155,095
	<u>227,553,545</u>	<u>241,682,420</u>
Total net assets		
Total liabilities and net assets	<u>\$ 657,841,687</u>	<u>\$ 689,918,503</u>

Presbyterian Homes Obligated Group

Combined Statements of Operations and Changes in Net Assets

Period ended July 31, 2022 and year ended December 31, 2021

	<u>July 31, 2022</u>	<u>December 31, 2021</u>
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	\$ 97,161,742	\$ 174,338,100
Amortization of entrance fees	9,480,801	18,993,628
Total resident services	106,642,543	193,331,728
Contributions, gifts, grants and bequests	570,776	1,330,159
Other revenues	771,050	5,742,262
Government grants	2,000,000	7,515,900
Government stimulus	422,505	4,799,292
Net assets released from restrictions	268,576	992,913
Total operating revenues and other support	110,675,450	213,712,254
Expenses:		
Nursing services	31,088,489	55,328,956
Rehabilitation	5,233,111	13,025,251
Recreation and special services	1,986,930	3,805,588
Pharmacy	1,639,361	2,651,932
Social services	492,148	940,602
Physician services	406,416	742,482
Food Services	12,041,054	22,037,415
Building operations and maintenance	14,966,762	26,859,867
Housekeeping	1,911,216	3,786,145
Laundry and linen	556,733	1,169,109
General and administrative	17,043,752	31,446,154
Employee benefits	5,764,650	7,843,468
Interest	4,201,574	7,084,265
Depreciation	14,254,816	23,836,080
Amortization	164,851	282,601
Fundraising	389,424	700,094
Total expenses	112,141,287	201,540,009
Unusual non-recurring expenses - COVID-19	967,891	2,101,279
Operating (loss) income before gains	(2,433,728)	10,070,966
Gain on sale of community and disposals of property and equipment	187,035	14,615,126
Loss on impairment of asset	-	(2,350,230)
Operating (loss) income	(2,246,693)	22,335,862
Other income (loss):		
Investment income, net of investment expense	1,294,644	2,800,155
Realized gain on investments	1,001,018	3,716,532
Unrealized (loss) gain on investments	(11,077,535)	11,470,916
Loss on early extinguishment of debt	-	(1,518,104)
Total other income (loss)	(8,781,873)	16,469,499
Revenues (less than) in excess of expenses	(11,028,566)	38,805,361
Transfer to affiliated entity	(725,000)	(3,330,234)
(Decrease) increase in net assets without donor restrictions	(11,753,566)	35,475,127

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Combined Statements of Operations and Changes in Net Assets
Period ended July 31, 2022 and year ended December 31, 2021

	<u>July 31, 2022</u>	<u>December 31, 2021</u>
Net Assets With Donor Restrictions		
Contributions, gifts, grants and bequests	\$ 653,725	\$ 666,920
Investment income, net of investment expense	40,964	61,061
Unrealized (loss) gain on investments	(2,801,422)	1,664,178
Net assets released from restrictions	<u>(268,576)</u>	<u>(992,913)</u>
(Decrease) increase in net assets with donor restrictions	<u>(2,375,309)</u>	<u>1,399,246</u>
Change in net assets	(14,128,875)	36,874,373
Net Assets, Beginning	<u>241,682,420</u>	<u>204,808,047</u>
Net Assets, Ending	<u>\$ 227,553,545</u>	<u>\$ 241,682,420</u>

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Combined Statements of Cash Flows

Period ended July 31, 2022 and year ended December 31, 2021

	July 31, 2022	December 31, 2021
Cash Flows From Operating Activities		
(Decrease) increase in net assets	\$ (14,128,875)	\$ 36,874,373
Adjustments to reconcile (decrease) increase in net deficit to net cash provided by operating activities:		
Depreciation	14,254,816	23,836,080
Provision for doubtful collections	532,386	1,454,968
Proceeds from non-refundable entrance fees and deposits	13,653,430	20,470,367
Amortization of entrance fees	(9,480,801)	(18,993,628)
Loss on early extinguishment of debt	-	1,518,104
Unrealized loss (gain) on investments	13,878,957	(13,135,094)
Realized gain on investments	(1,001,018)	(3,716,532)
Gain on sale of community and disposals of property and equipment	(187,035)	(14,615,126)
Contributions restricted for long-term purposes	-	(74,871)
Amortization of deferred financing costs	76,847	131,225
Amortization of bond premium	(237,668)	(218,313)
Loss on impairment of asset	-	2,350,230
Changes in assets and liabilities:		
Accounts receivable	8,679	(883,002)
Entrance fees receivable	(410,308)	1,055,402
Other assets	(1,988,915)	667,344
Accounts payable	1,622,943	(2,134,577)
Accrued expenses	(1,069,184)	(2,240,320)
Other liabilities	(1,587,692)	578,378
Cares act funding liabilities	(4,472,340)	(9,172,366)
Net cash provided by operating activities	<u>9,464,221</u>	<u>23,752,642</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(10,981,992)	(25,278,369)
Net proceeds from sale of property and equipment	187,035	19,500,000
Purchases of investments	(33,494,548)	(49,398,706)
Proceeds from sale of investments	38,645,060	36,465,949
Change in due from affiliates	2,954,651	(1,321,284)
Net cash used in investing activities	<u>(2,689,794)</u>	<u>(20,032,410)</u>
Cash Flows From Financing Activities		
Refunds of entrance fees and deposits	(2,088,246)	(3,654,981)
Proceeds from refundable entrance fees and deposits, resales	63,325	97,500
Proceeds from refundable entrance fees and deposits, new units	664,475	8,779,487
Principal payments on redemptions of long-term debt	(8,919,550)	(14,003,114)
Proceeds from issuance of long-term debt	-	31,050,679
Proceeds from bond premium	-	7,151,245
Refunding, refinancing or payoff of long-term debt	(275,000)	-
Purchase (redemption) of treasury bonds	400,000	(225,000)
Financing costs incurred	-	(1,072,391)
Borrowing on lines of credit	(6,298,480)	1,381,031
Contributions restricted for long-term purposes	-	74,871
Net cash (used in) provided by financing activities	<u>(16,453,476)</u>	<u>29,579,327</u>
Net change in cash, cash equivalents and restricted cash	(9,679,049)	33,299,559
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>64,504,738</u>	<u>31,205,179</u>
Cash, Cash Equivalents and Restricted Cash, Ending		
Unrestricted	\$ 1,560,769	\$ 11,239,818
Restricted	<u>53,264,920</u>	<u>53,264,920</u>
	<u>\$ 54,825,689</u>	<u>\$ 64,504,738</u>