

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

June 30, 2020 and December 31, 2019

Assets	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 3,769,246	11,139,633
Investments	70,966,545	72,958,043
Statutory minimum liquid reserve	12,476,644	12,216,204
Accounts receivable, net	12,592,536	16,406,914
Prepaid expenses	6,540,278	3,543,509
Assets whose use is limited	17,463,253	6,245,481
Assets whose use is limited, capital assets	11,615,205	17,324,107
Promises to give, net	276,531	255,968
Assets held for sale	3,628,865	3,619,230
Property and equipment (net of accumulated depreciation of \$301,115,940 and \$290,466,288, respectively)	363,364,219	356,488,553
Financing leases (net of accumulated depreciation of \$1,054,197 and \$797,499, respectively)	1,326,969	1,139,573
Assets under operating leases	68,192	96,643
Due from affiliates, net	79,523,271	80,989,105
Funds held in trust by others	17,999,468	19,321,794
Goodwill (net of accumulated amortization of \$423,902 and \$282,601, respectively)	1,413,006	1,554,307
Other assets	<u>147,502</u>	<u>27,230</u>
Total assets	<u>\$ 603,171,731</u>	<u>603,326,294</u>

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June 30, 2020 and December 31, 2019

Liabilities and Net Assets	June 30, 2020	December 31, 2019
Accounts payable	\$ 15,358,045	8,604,404
Accrued expenses	14,561,301	15,957,412
Lines of credit	—	15,198,790
Accrued interest	643,284	743,757
Resident deposits	4,380,013	2,338,788
Entrance fee payable	10,682,104	10,850,556
Deferred revenue – other	1,657,767	—
Deferred revenue – entrance fees	104,356,027	107,392,209
Deferred energy costs	984,601	1,015,777
Annuities payable	588,099	608,759
Obligations under operating leases	68,192	96,643
Long-term debt		
Obligations under financing leases	1,359,830	1,155,723
Long-term debt	243,794,020	236,946,145
Total liabilities	398,433,284	400,908,963
Net assets:		
Without donor restrictions	179,299,205	175,925,636
With donor restrictions	25,439,242	26,491,695
Total net assets	204,738,446	202,417,331
Total liabilities and net assets	\$ 603,171,730	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Quarters ended June 30, 2020 and year ended December 31, 2019

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 95,823,103	199,622,256
Amortization of entrance fees	8,335,605	16,955,577
Implicit price concession	<u>(1,154,495)</u>	<u>(2,209,959)</u>
Total resident services	103,004,212	214,367,874
Contributions, gifts and bequests	322,902	459,266
Government stimulus	5,549,784	-
Net assets released from restrictions	<u>129,667</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	109,006,564	216,043,721
Cost of services provided:		
Nursing services	30,644,854	59,488,679
Rehabilitation	7,291,151	16,118,459
Recreation and special services	2,117,655	5,847,631
Pharmacy	1,534,144	3,354,446
Social services	491,022	1,015,769
Physician services	365,010	729,176
Food services	11,856,271	23,819,083
Building operations and maintenance	12,831,034	24,579,664
Housekeeping	2,010,351	3,871,340
Laundry and linen	633,138	1,272,211
General and administrative	20,649,777	30,531,494
Employee benefits	5,274,817	11,494,826
Interest	3,457,612	7,966,263
Depreciation	10,963,924	21,525,057
Amortization	141,301	282,601
Fundraising	<u>288,288</u>	<u>742,586</u>
Total cost of services provided	<u>110,550,350</u>	<u>212,639,285</u>
(Deficit) excess of revenues and other support over expenses	(1,543,785)	3,404,436
Other (expense) income:		
Investment income, net of investment expense	931,441	2,085,992
Realized gain on investments	28,691	1,982,030
Unrealized (loss) gain on investments	(3,489,085)	4,137,173
Gain (loss) on sale of property and equipment	<u>5,500</u>	<u>(670,883)</u>
Total other (expense) income	<u>(2,523,453)</u>	<u>7,534,312</u>
(Deficit) excess of revenues, gains and other support over expenses and losses	(4,067,238)	10,938,748
Loss on early extinguishment of debt	(75,093)	(165,422)
Loss on impairment of asset	-	(505,085)
Loan forgiveness	<u>7,515,900</u>	<u>-</u>
Change in net assets without donor restrictions	3,373,569	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Quarters ended June 30, 2020 and year ended December 31, 2019

	June 30, 2020	December 31, 2019
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	(1,365,087)	2,233,423
Net assets released from restrictions	(129,667)	(1,216,581)
Change in net assets with donor restrictions	(1,052,453)	2,106,845
Change in net assets	2,321,115	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 204,738,446	202,417,331

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Quarters ended June 30, 2020 and year ended December 31, 2019

	June 30, 2020	December 31, 2019
Cash flows from operating activities:		
Change in net assets	\$ 2,321,115	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,963,924	21,525,057
Provision for implicit price concession and bad debt	2,118,292	1,914,132
Proceeds from entrance fees and deposits	8,637,596	25,063,395
Amortization of entrance fees	(8,335,605)	(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	4,854,172	(6,370,596)
Realized gain on investments	(28,691)	(1,982,030)
Realized (gain) loss on property, plant and equipment	(5,500)	670,883
Contributions restricted for long-term purposes	(9,786)	(59,112)
Amortization of deferred financing costs	78,546	195,666
Amortization of bond discount/premium	(13,381)	(26,761)
Amortization of goodwill	141,301	282,601
Deferred energy cost adjustment	(31,176)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	1,058,783	833,808
Entrance fee receivable	637,304	(379,727)
Promises to give	(20,563)	71,445
Other assets	(3,116,908)	(648,721)
Accounts payable	6,753,640	(204,893)
Accrued expenses and deferred revenue other	161,184	2,333,172
Net cash provided by operating activities	<u>18,723,439</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(18,031,120)	(28,981,368)
Net proceeds from sale of property and equipment	—	1,980,000
Net proceeds from purchase of investments	<u>(7,280,966)</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(25,312,087)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,296,948)	(4,484,519)
Change in entrance fee payable	(168,452)	(1,312,732)
Principal payments on long-term debt	(5,701,645)	(12,573,234)
Proceeds from issuance of long-term debt	23,470,900	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	(115,871)	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(15,198,790)	679,992
Borrowings under finance leases	444,119	670,619
Repayments of finance lease obligations	(240,012)	(416,360)
Contributions restricted for long-term purposes	9,786	59,112
Change in annuities payable	(20,660)	(7,705)
Decrease (increase) in due from affiliates	1,465,834	(1,979,846)
Net cash used in financing activities	<u>(781,739)</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(7,370,387)	(26,472,797)
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	11,139,633	898,783
Restricted	19,780,620	56,494,267
	<u>30,920,253</u>	<u>57,393,050</u>
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	3,769,246	11,139,633
Restricted	19,780,620	19,780,620
	<u>23,549,866</u>	<u>30,920,253</u>