

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Financial Position

March 31, 2020 and December 31, 2019

<b>Assets</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Cash and cash equivalents	\$ 10,530,115	11,139,633
Investments	66,105,424	72,958,043
Statutory minimum liquid reserve	11,876,639	12,216,204
Accounts receivable, net	14,286,710	16,406,914
Prepaid expenses	3,840,786	3,543,509
Assets whose use is limited	6,506,048	6,245,481
Assets whose use is limited, capital assets	11,612,317	17,324,107
Promises to give, net	289,131	255,968
Assets held for sale	3,619,230	3,619,230
Property and equipment (net of accumulated depreciation of \$295,759,623 and \$290,466,288, respectively)	357,972,823	356,488,553
Financing leases (net of accumulated depreciation of \$921,682 and \$797,499, respectively)	1,243,239	1,139,573
Assets under operating leases	77,827	96,643
Due from affiliates, net	83,350,939	80,989,105
Funds held in trust by others	16,822,274	19,321,794
Goodwill (net of accumulated amortization of \$353,252 and \$282,601, respectively)	1,483,656	1,554,307
Other assets	29,238	27,230
Total assets	\$ <u>589,646,398</u>	<u>603,326,294</u>

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Financial Position

March 31, 2020 and December 31, 2019

<b>Liabilities and Net Assets</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Accounts payable	\$ 8,013,476	8,604,404
Accrued expenses	12,743,731	15,957,412
Lines of credit	16,470,798	15,198,790
Accrued interest	958,876	743,757
Resident deposits	4,957,254	2,338,788
Entrance fee payable	10,807,160	10,850,556
Deferred revenue – entrance fees	105,490,688	107,392,209
Deferred energy costs	1,000,189	1,015,777
Annuities payable	582,154	608,759
Obligations under operating leases	77,827	96,643
Long-term debt		
Obligations under financing leases	1,268,674	1,155,723
Long-term debt	234,170,642	236,946,145
<b>Total liabilities</b>	<b>396,541,469</b>	<b>400,908,963</b>
Net assets:		
Without donor restrictions	169,021,524	175,925,636
With donor restrictions	24,083,405	26,491,695
<b>Total net assets</b>	<b>193,104,929</b>	<b>202,417,331</b>
<b>Total liabilities and net assets</b>	<b>\$ 589,646,398</b>	<b>603,326,294</b>

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Operations and Changes in Net Assets

Quarter ended March 31, 2020 and year ended December 31, 2019

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 50,604,648	199,622,256
Amortization of entrance fees	4,502,269	16,955,577
Implicit price concession	<u>(515,329)</u>	<u>(2,209,959)</u>
Total resident services	54,591,588	214,367,874
Contributions, gifts and bequests	166,662	459,266
Net assets released from restrictions	<u>100,122</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	54,858,371	216,043,721
Cost of services provided:		
Nursing services	15,335,088	59,488,679
Rehabilitation	3,727,181	16,118,459
Recreation and special services	1,467,772	5,847,631
Pharmacy	939,549	3,354,446
Social services	255,214	1,015,769
Physician services	183,541	729,176
Food services	6,021,673	23,819,083
Building operations and maintenance	6,378,464	24,579,664
Housekeeping	1,027,621	3,871,340
Laundry and linen	331,455	1,272,211
General and administrative	7,851,925	30,531,494
Employee benefits	2,475,939	11,494,826
Interest	1,817,274	7,966,263
Depreciation	5,475,092	21,525,057
Amortization	70,650	282,601
Fundraising	<u>166,855</u>	<u>742,586</u>
Total cost of services provided	<u>53,525,293</u>	<u>212,639,285</u>
Excess of revenues and other support over expenses	1,333,078	3,404,436
Other (expense) income:		
Investment income, net of investment expense	472,384	2,085,992
Realized (loss) gain on investments	(23,873)	1,982,030
Unrealized (loss) gain on investments	(8,691,202)	4,137,173
Gain (loss) on sale of property and equipment	<u>5,500</u>	<u>(670,883)</u>
Total other (expense) income	(8,237,190)	7,534,312
(Deficit) excess of revenues, gains and other support over expenses and losses	(6,904,112)	10,938,748
Loss on early extinguishment of debt	-	(165,422)
Loss on impairment of asset	<u>-</u>	<u>(505,085)</u>
Change in net assets without donor restrictions	(6,904,112)	10,268,241

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Operations and Changes in Net Assets

Quarter ended March 31, 2020 and year ended December 31, 2019

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Net assets with donor restrictions		
Contributions, gifts and bequests	162,073	973,389
Investment income, net of investment expense	29,534	116,614
Unrealized (loss) gain on investments	(2,499,776)	2,233,423
Net assets released from restrictions	(100,122)	(1,216,581)
Change in net assets with donor restrictions	(2,408,290)	2,106,845
Change in net assets	(9,312,402)	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 193,104,929	202,417,331

**PRESBYTERIAN HOMES OBLIGATED GROUP**

Combined Statements of Cash Flows

Quarter ended March 31, 2020 and year ended December 31, 2019

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (9,312,403)	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,475,092	21,525,057
Provision for implicit price concession	878,536	1,914,132
Proceeds from entrance fees and deposits	6,076,671	25,063,395
Amortization of entrance fees	(4,502,269)	(16,955,577)
Loss on extinguishment of debt	-	165,422
Unrealized loss (gain) on investments and assets held in trust by others	11,190,978	(6,370,596)
Realized loss (gain) on investments	23,873	(1,982,030)
Realized (gain) loss on property, plant and equipment	(5,500)	670,883
Contributions restricted for long-term purposes	(2,490)	(59,112)
Amortization of deferred financing costs	39,739	195,666
Amortization of bond discount/premium	(6,690)	(26,761)
Amortization of goodwill	70,650	282,601
Deferred energy cost adjustment	(15,588)	(62,352)
Loss on impairment of asset	-	505,085
Change in assets and liabilities:		
Accounts receivable	808,152	833,808
Entrance fee receivable	433,516	(379,727)
Promises to give	(33,163)	71,445
Other assets	(299,218)	(648,721)
Accounts payable	(590,929)	(204,893)
Accrued expenses and deferred revenue other	(2,998,561)	2,333,172
Net cash provided by operating activities	<u>7,230,395</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(7,057,527)	(28,981,368)
Net proceeds from sale of property and equipment	-	1,980,000
Net proceeds from sale of (purchase of) investments	<u>3,928,075</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(3,129,453)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(857,458)	(4,484,519)
Change in entrance fee payable	(43,396)	(1,312,732)
Principal payments on long-term debt	(2,808,618)	(12,573,234)
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)
Borrowings on notes payable and lines of credit	1,272,008	679,992
Borrowings under finance leases	218,216	670,619
Repayments of finance lease obligations	(105,264)	(416,360)
Contributions restricted for long-term purposes	2,490	59,112
Change in annuities payable	(26,605)	(7,705)
Increase in due from affiliates	(2,361,834)	(1,979,846)
Net cash used in financing activities	<u>(4,710,460)</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(609,518)	(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	10,530,115	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	<u>30,310,735</u>	<u>30,920,253</u>