

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

May 31, 2019 and December 31, 2018

Assets	May 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 771,412	898,783
Investments	69,092,901	71,716,437
Statutory minimum liquid reserve	11,179,932	14,414,768
Accounts receivable, net	17,063,797	18,775,127
Prepaid expenses	3,556,535	2,883,884
Assets whose use is limited	6,026,871	7,976,654
Assets whose use is limited, capital assets	22,571,339	25,737,965
Promises to give, net	328,095	327,413
Assets held for sale	—	10,000
Property and equipment (net of accumulated depreciation of \$277,963,906 and \$269,392,896, respectively)	352,123,093	356,110,951
Financing leases (net of accumulated depreciation of \$1,591,214 and \$1,421,806, respectively)	982,389	826,062
Assets under operating leases	113,448	158,312
Due from affiliates	82,581,642	79,009,259
Assets held in trust by others	17,929,701	17,388,344
Goodwill	1,836,908	1,836,908
Other assets	35,714	38,134
Total assets	\$ <u>586,193,777</u>	<u>598,109,001</u>

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May 31, 2019 and December 31, 2018

Liabilities and Net Assets	May 31, 2019	December 31, 2018
Accounts payable	\$ 3,797,776	8,809,297
Accrued expenses	12,743,456	13,689,413
Lines of credit	7,930,007	14,518,798
Accrued interest	1,000,222	678,584
Resident deposits	2,135,180	1,571,124
Entrance fee payable	11,743,149	12,163,288
Deferred revenue – entrance fees	105,227,492	104,536,574
Deferred energy costs	1,052,149	1,078,129
Annuities payable	602,477	616,464
Obligations under operating leases	113,448	158,312
Long-term debt		
Obligations under financing leases	993,484	901,464
Long-term debt	243,652,637	249,345,309
Total liabilities	390,991,477	408,066,756
Net assets:		
Without donor restrictions	170,198,800	165,657,395
With donor restrictions	25,003,500	24,384,850
Total net assets	195,202,299	190,042,245
Total liabilities and net assets	\$ 586,193,777	598,109,001

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

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

	May 31, 2019	December 31, 2018
Revenues and other support:		
Resident services		
Resident services	\$ 82,915,508	196,288,064
Amortization of entrance fees	6,655,627	16,854,680
Implicit price concession	(513,867)	(1,328,991)
Total resident services	89,057,268	211,813,753
Contributions, gifts and bequests	470,516	439,582
Net assets released from restrictions	391,639	993,352
Total operating revenues, gains, and other support	89,919,423	213,246,687
Cost of services provided:		
Nursing services	24,368,862	58,037,632
Rehabilitation	6,890,475	17,048,858
Recreation and special services	2,393,706	5,636,302
Pharmacy	1,449,633	3,379,777
Social services	422,347	983,872
Physician services	305,099	728,900
Food services	9,703,852	23,082,692
Building operations and maintenance	10,361,519	23,973,975
Housekeeping	1,578,810	3,832,542
Laundry and linen	498,995	1,130,188
General and administrative	12,908,916	32,415,233
Employee benefits	4,525,599	9,823,871
Interest	3,412,495	7,749,574
Depreciation	8,804,394	20,351,309
Fundraising	175,170	692,179
Total cost of services provided	87,799,871	208,866,904
Excess of revenues and other support over expenses	2,119,552	4,379,783
Other income:		
Investment income, net of investment expense	632,487	2,432,892
Realized gain (loss) on investments	2,989	(2,859,511)
Unrealized gain on investments	2,460,549	1,337,728
Loss on sale of property and equipment	(674,173)	(21,145)
Total other income	2,421,853	889,964
Excess of revenues, gains and other support over expenses and losses	4,541,405	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	—	(384,945)
Change in net assets without donor restrictions	4,541,405	4,768,464

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

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

	May 31, 2019	December 31, 2018
Net assets with donor restrictions		
Contributions, gifts and bequests	214,330	767,918
Interest and dividend income	28,741	112,411
Unrealized gain (loss) on investments	767,217	(1,692,125)
Net assets released from restrictions	<u>(391,639)</u>	<u>(993,352)</u>
Change in net assets with donor restrictions	618,649	(1,805,148)
Change in net assets	5,160,054	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>\$ 195,202,299</u></u>	<u><u>190,042,245</u></u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

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

	May 31, 2019	December 31, 2018
Cash flows from operating activities:		
Change in net assets	\$ 5,160,054	2,963,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,804,394	20,351,309
Provision for bad debt	902,532	3,223,583
Proceeds from entrance fees and deposits	10,166,956	25,097,388
Amortization of entrance fees	(6,655,627)	(16,854,680)
Loss on extinguishment of debt	—	122,288
Change in fair value rate swap	—	(5,950)
Unrealized (gain) loss on investments and assets held in trust by others	(3,227,766)	354,397
Realized (gain) loss on investments	(2,989)	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	81,498	176,120
Amortization of bond discount/premium	(11,151)	(17,030)
Deferred energy cost adjustment	(25,980)	(62,352)
Loss on impairment of asset	—	384,945
Repayments of operating leases	(44,864)	(105,008)
Change in assets and liabilities:		
Accounts receivable	1,744,590	(1,039,879)
Entrance fee receivable	(935,792)	2,164,463
Promises to give	(682)	37,490
Other assets	(670,120)	(36,780)
Accounts payable	(5,011,521)	2,111,752
Accrued expenses and deferred revenue other	(624,319)	(565,754)
Net cash provided by operating activities	10,316,385	41,086,566
Cash flows from investing activities:		
Acquisition of property and equipment	(7,572,172)	(25,510,751)
Net proceeds from sale of property and equipment	1,980,000	—
Net proceeds from sale of investments	7,654,171	18,727,345
Net cash provided by (used in) investing activities	2,061,999	(6,783,406)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(2,256,355)	(5,327,446)
Change in entrance fee payable	(420,139)	(2,363,300)
Principal payments on long-term debt	(5,735,966)	(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	(6,588,791)	(1,364,226)
Borrowings under finance leases	253,433	840,657
Repayments of finance lease obligations	(161,413)	(227,799)
Contributions restricted for long-term purposes	7,000	93,708
Change in annuities payable	(13,987)	(84,356)
Increase in due from affiliates	(3,572,383)	(3,022,822)
Net cash (used in) provided by financing activities	(18,515,764)	11,827,657
Net (decrease) increase in cash and cash equivalents	(6,137,380)	46,130,817
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	898,783	950,523
Restricted	56,494,267	10,206,702
	57,393,050	11,157,225
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	771,412	898,783
Restricted	50,484,258	56,494,267
	51,255,670	57,393,050