

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

May 31, 2020 and December 31, 2019

Assets	May 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 7,538,293	11,139,633
Investments	71,931,868	72,958,043
Statutory minimum liquid reserve	12,357,592	12,216,204
Accounts receivable, net	13,971,907	16,406,914
Prepaid expenses	6,637,449	3,543,509
Assets whose use is limited	6,102,099	6,245,481
Assets whose use is limited, capital assets	11,613,269	17,324,107
Promises to give, net	286,104	255,968
Assets held for sale	3,628,865	3,619,230
Property and equipment (net of accumulated depreciation of \$299,340,304 and \$290,466,288, respectively)	358,806,900	356,488,553
Financing leases (net of accumulated depreciation of \$1,008,223 and \$797,499, respectively)	1,264,832	1,139,573
Assets under operating leases	74,305	96,643
Due from affiliates, net	79,601,252	80,989,105
Funds held in trust by others	17,813,090	19,321,794
Goodwill (net of accumulated amortization of \$400,352 and \$282,601, respectively)	1,436,556	1,554,307
Other assets	135,568	27,230
Total assets	\$ <u>593,199,948</u>	<u>603,326,294</u>

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May 31, 2020 and December 31, 2019

Liabilities and Net Assets	May 31, 2020	December 31, 2019
Accounts payable	\$ 5,237,886	8,604,404
Accrued expenses	14,747,384	15,957,412
Lines of credit	—	15,198,790
Accrued interest	917,088	743,757
Resident deposits	5,377,415	2,338,788
Entrance fee payable	10,694,794	10,850,556
Deferred revenue – other	9,579,255	—
Deferred revenue – entrance fees	104,151,241	107,392,209
Deferred energy costs	989,797	1,015,777
Annuities payable	578,260	608,759
Obligations under operating leases	74,305	96,643
Long-term debt		
Obligations under financing leases	1,292,950	1,155,723
Long-term debt	235,253,959	236,946,145
Total liabilities	388,894,334	400,908,963
Net assets:		
Without donor restrictions	179,231,393	175,925,636
With donor restrictions	25,074,220	26,491,695
Total net assets	204,305,613	202,417,331
Total liabilities and net assets	\$ 593,199,948	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

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

	May 31, 2020	December 31, 2019
Revenues and other support:		
Resident services		
Resident services	\$ 81,519,613	199,622,256
Amortization of entrance fees	7,008,799	16,955,577
Implicit price concession	(940,673)	(2,209,959)
Total resident services	87,587,740	214,367,874
Contributions, gifts and bequests	495,114	459,266
Government stimulus	3,758,380	—
Net assets released from restrictions	100,122	1,216,581
Total operating revenues, gains, and other support	91,941,356	216,043,721
Cost of services provided:		
Nursing services	25,617,732	59,488,679
Rehabilitation	6,117,140	16,118,459
Recreation and special services	1,790,247	5,847,631
Pharmacy	1,350,361	3,354,446
Social services	416,051	1,015,769
Physician services	303,389	729,176
Food services	9,766,203	23,819,083
Building operations and maintenance	10,781,395	24,579,664
Housekeeping	1,689,433	3,871,340
Laundry and linen	530,989	1,272,211
General and administrative	16,136,187	30,531,494
Employee benefits	4,358,244	11,494,826
Interest	2,951,167	7,966,263
Depreciation	9,142,315	21,525,057
Amortization	117,751	282,601
Fundraising	241,677	742,586
Total cost of services provided	91,310,278	212,639,285
Excess of revenues and other support over expenses	631,078	3,404,436
Other (expense) income:		
Investment income, net of investment expense	704,590	2,085,992
Realized gain on investments	17,686	1,982,030
Unrealized (loss) gain on investments	(2,490,699)	4,137,173
Gain (loss) on sale of property and equipment	5,500	(670,883)
Total other (expense) income	(1,762,923)	7,534,312
(Deficit) excess of revenues, gains and other support over expenses and losses	(1,131,845)	10,938,748
Loss on early extinguishment of debt	—	(165,422)
Loss on impairment of asset	—	(505,085)
Loan forgiveness	4,437,603	—
Change in net assets without donor restrictions	3,305,758	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

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

	May 31, 2020	December 31, 2019
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	(1,508,961)	2,233,423
Net assets released from restrictions	<u>(100,122)</u>	<u>(1,216,581)</u>
Change in net assets with donor restrictions	(1,417,475)	2,106,845
 Change in net assets	 1,888,282	 12,375,086
Net assets beginning of year	<u>202,417,331</u>	<u>190,042,245</u>
Net assets, end of year	<u><u>\$ 204,305,613</u></u>	<u><u>202,417,331</u></u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

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

	May 31, 2020	December 31, 2019
Cash flows from operating activities:		
Change in net assets	\$ 1,888,282	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,142,315	21,525,057
Provision for implicit price concession and bad debt	1,673,635	1,914,132
Proceeds from entrance fees and deposits	8,022,096	25,063,395
Amortization of entrance fees	(7,008,799)	(16,955,577)
Loan forgiveness	(4,437,603)	—
Loss on extinguishment of debt	—	165,422
Unrealized loss (gain) on investments and assets held in trust by others	3,999,659	(6,370,596)
Realized gain on investments	(17,686)	(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	66,231	195,666
Amortization of bond discount/premium	(11,151)	(26,761)
Amortization of goodwill	117,751	282,601
Deferred energy cost adjustment	(25,980)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	333,318	833,808
Entrance fee receivable	428,054	(379,727)
Promises to give	(30,136)	71,445
Other assets	(3,202,167)	(648,721)
Accounts payable	(3,366,519)	(204,893)
Accrued expenses and deferred revenue other	8,542,559	2,333,172
Net cash provided by operating activities	16,105,869	39,245,983
Cash flows from investing activities:		
Acquisition of property and equipment	(11,590,056)	(28,981,368)
Net proceeds from sale of property and equipment	—	1,980,000
Net proceeds from sale (purchase of) investments	4,265,738	(19,192,482)
Net cash used in investing activities	(7,324,318)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,215,638)	(4,484,519)
Change in entrance fee payable	(155,762)	(1,312,732)
Principal payments on long-term debt	(4,810,356)	(12,573,234)
Proceeds from issuance of long-term debt	7,515,900	14,805,170
Refunding, refinancing or payoff of long-term debt	—	(14,882,520)
Redemption of treasury bonds	—	50,000
Financing costs incurred	(15,318)	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(15,198,790)	679,992
Borrowings under finance leases	335,984	670,619
Repayments of finance lease obligations	(198,757)	(416,360)
Contributions restricted for long-term purposes	2,490	59,112
Change in annuities payable	(30,499)	(7,705)
Increase in due from affiliates	1,387,853	(1,979,846)
Net cash used in financing activities	(12,382,892)	(19,524,930)
Net decrease in cash and cash equivalents	(3,601,340)	(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
	30,920,253	57,393,050
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	7,538,293	11,139,633
Restricted	19,780,620	19,780,620
	27,318,913	30,920,253