

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

November 30, 2019 and December 31, 2018

Assets	November 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 1,494,547	898,783
Investments	72,039,009	71,716,437
Statutory minimum liquid reserve	12,289,563	14,414,768
Accounts receivable, net	18,553,131	18,775,127
Prepaid expenses	4,095,347	2,883,884
Assets whose use is limited	6,364,008	7,976,654
Assets whose use is limited, capital assets	17,302,070	25,737,965
Promises to give, net	296,755	327,413
Assets held for sale	-	10,000
Property and equipment (net of accumulated depreciation of \$288,614,937 and \$269,392,896, respectively)	356,460,056	356,110,951
Financing leases (net of accumulated depreciation of \$1,804,313 and \$1,421,806, respectively)	854,473	826,062
Assets under operating leases	100,793	145,170
Due from affiliates	82,948,131	79,009,259
Assets held in trust by others	18,775,315	17,388,344
Goodwill (net of accumulated amortization of \$259,051 and \$0, respectively)	1,577,857	1,836,908
Other assets	29,153	38,134
Total assets	\$ <u>593,180,208</u>	<u>598,095,859</u>

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Combined Statements of Financial Position

November 30, 2019 and December 31, 2018

Liabilities and Net Assets	November 30, 2019	December 31, 2018
Accounts payable	\$ 5,281,066	8,809,297
Accrued expenses	13,269,071	13,689,413
Lines of credit	10,209,826	14,518,798
Accrued interest	1,000,036	678,584
Resident deposits	2,324,375	1,571,124
Entrance fee payable	11,056,942	12,163,288
Deferred revenue – entrance fees	106,828,185	104,536,574
Deferred energy costs	1,020,973	1,078,129
Annuities payable	587,022	616,464
Obligations under operating leases	100,793	145,170
Long-term debt		
Obligations under financing leases	1,075,606	901,464
Long-term debt	238,430,280	249,345,309
Total liabilities	391,184,175	408,053,614
Net assets:		
Without donor restrictions	175,944,201	165,657,395
With donor restrictions	26,051,831	24,384,850
Total net assets	201,996,032	190,042,245
Total liabilities and net assets	\$ 593,180,208	598,095,859

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Months ended November 30, 2019 and year ended December 31, 2018

	November 30, 2019	December 31, 2018
Revenues and other support:		
Resident services		
Resident services	\$ 182,884,738	196,288,064
Amortization of entrance fees	15,534,558	16,854,680
Implicit price concession	(2,038,317)	(2,556,341)
Total resident services	196,380,979	210,586,403
Contributions, gifts and bequests	597,395	439,582
Net assets released from restrictions	592,198	993,352
Total operating revenues, gains, and other support	197,570,572	212,019,337
Cost of services provided:		
Nursing services	54,228,563	58,037,632
Rehabilitation	14,852,439	17,048,858
Recreation and special services	5,308,970	5,636,302
Pharmacy	3,048,553	3,379,777
Social services	926,036	983,872
Physician services	668,987	728,900
Food services	21,639,465	23,082,692
Building operations and maintenance	22,283,702	23,973,975
Housekeeping	3,522,541	3,832,542
Laundry and linen	1,140,128	1,130,188
General and administrative	27,961,444	31,187,883
Employee benefits	10,183,077	9,823,871
Interest	7,332,463	7,749,574
Depreciation	19,630,661	20,351,309
Amortization	259,051	—
Fundraising	490,203	692,179
Total cost of services provided	193,476,283	207,639,554
Excess of revenues and other support over expenses	4,094,289	4,379,783
Other income:		
Investment income, net of investment expense	1,421,829	2,432,892
Realized gain (loss) on investments	1,682,638	(2,859,511)
Unrealized gain on investments	3,924,355	1,337,728
Loss on sale of property and equipment	(670,883)	(21,145)
Total other income	6,357,940	889,964
Excess of revenues, gains and other support over expenses and losses	10,452,229	5,269,747
Decrease in fair value of interest rate swaps	—	5,950
Loss on early extinguishment of debt	(165,422)	(122,288)
Loss on impairment of asset	—	(384,945)
Change in net assets without donor restrictions	10,286,807	4,768,464

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Months ended November 30, 2019 and year ended December 31, 2018

	November 30, 2019	December 31, 2018
Net assets with donor restrictions		
Contributions, gifts and bequests	722,293	767,918
Interest and dividend income	87,139	112,411
Unrealized gain (loss) on investments	1,449,747	(1,692,125)
Net assets released from restrictions	<u>(592,198)</u>	<u>(993,352)</u>
Change in net assets with donor restrictions	1,666,981	(1,805,148)
Change in net assets	11,953,787	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>\$ 201,996,032</u></u>	<u><u>190,042,245</u></u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Months ended November 30, 2019 and year ended December 31, 2018

	November 30, 2019	December 31, 2018
Cash flows from operating activities:		
Change in net assets	\$ 11,953,787	2,963,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,630,661	20,351,309
Provision for bad debt	1,832,850	3,223,583
Proceeds from entrance fees and deposits	22,749,496	25,097,388
Amortization of entrance fees	(15,534,558)	(16,854,680)
Loss on extinguishment of debt	165,422	122,288
Change in fair value rate swap	-	(5,950)
Unrealized (gain) loss on investments and assets held in trust by others	(5,374,102)	354,397
Realized (gain) loss on investments	(1,682,638)	2,859,511
Realized loss on property, plant and equipment	670,883	21,145
Contributions restricted for long-term purposes	(7,000)	(93,708)
Amortization of deferred financing costs	179,008	176,120
Amortization of bond discount/premium	(24,532)	(17,030)
Amortization of goodwill	259,051	—
Deferred energy cost adjustment	(57,156)	(62,352)
Loss on impairment of asset	-	384,945
Borrowing of operating leases	13,443	—
Repayments of operating leases	(57,820)	(59,606)
Change in assets and liabilities:		
Accounts receivable	(915,721)	(1,039,879)
Entrance fee receivable	(695,132)	2,164,463
Promises to give	30,658	37,490
Other assets	(1,202,238)	(36,780)
Accounts payable	(3,528,231)	2,111,752
Accrued expenses and deferred revenue other	(98,890)	(565,754)
Net cash provided by operating activities	28,307,240	41,131,968
Cash flows from investing activities:		
Acquisition of property and equipment	(22,604,683)	(25,510,751)
Net proceeds from sale of property and equipment	1,980,000	—
Net (purchase of) proceeds from sale of investments	(4,267,587)	18,727,345
Net cash used in investing activities	(24,892,270)	(6,783,406)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(4,170,076)	(5,327,446)
Change in entrance fee payable	(1,106,346)	(2,363,300)
Principal payments on long-term debt	(11,074,915)	(12,551,749)
Proceeds from issuance of long-term debt	14,805,170	33,380,681
Refunding, refinancing or payoff of long-term debt	(14,805,170)	(3,380,681)
Redemption of treasury bonds	(66,971)	6,197,712
Financing costs incurred	(93,285)	(362,722)
Repayments on notes payable and lines of credit	(4,308,972)	(1,364,226)
Borrowings under finance leases	555,213	840,657
Repayments of finance lease obligations	(381,071)	(227,799)
Contributions restricted for long-term purposes	7,000	93,708
Change in annuities payable	(29,442)	(84,356)
Increase in due from affiliates	(3,938,872)	(3,022,822)
Net cash (used in) provided by financing activities	(24,607,737)	11,827,657
Net (decrease) increase in cash and cash equivalents	(21,192,767)	46,176,219
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	1,494,547	898,783
Restricted	34,705,737	56,494,267
	36,200,284	57,393,050