

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

November 30, 2020 and December 31, 2019

Assets	November 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 1,765,554	11,139,633
Investments	80,020,145	72,958,043
Statutory minimum liquid reserve	12,991,467	12,216,204
Accounts receivable, net	12,991,644	16,406,914
Prepaid expenses	4,160,955	3,543,509
Assets whose use is limited	17,583,449	6,245,481
Assets whose use is limited, capital assets	453,129	17,324,107
Promises to give, net	254,891	255,968
Assets held for sale	2,350,618	3,619,230
Property and equipment (net of accumulated depreciation of \$310,257,517 and \$290,466,288, respectively)	374,035,155	356,488,553
Financing leases (net of accumulated depreciation of \$1,215,660 and \$797,499, respectively)	1,201,298	1,139,573
Assets under operating leases	46,829	96,643
Due from affiliates, net	86,180,465	80,989,105
Funds held in trust by others	19,758,899	19,321,794
Goodwill (net of accumulated amortization of \$541,652 and \$282,601, respectively)	1,295,256	1,554,307
Other assets	<u>157,630</u>	<u>27,230</u>
Total assets	<u>\$ 615,247,383</u>	<u>603,326,294</u>

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November 30, 2020 and December 31, 2019

Liabilities and Net Assets	November 30, 2020	December 31, 2019
Accounts payable	\$ 16,962,705	8,604,404
Accrued expenses	16,054,137	15,957,412
Lines of credit	740,555	15,198,790
Accrued interest	667,001	743,757
Resident deposits	6,452,000	2,338,788
Entrance fee payable	10,142,876	10,850,556
Deferred revenue – other	601,375	—
Deferred revenue – entrance fees	105,625,080	107,392,209
Deferred energy costs	958,621	1,015,777
Annuities payable	545,870	608,759
Obligations under operating leases	46,829	96,643
Long-term debt		
Obligations under financing leases	1,230,994	1,155,723
Long-term debt	247,789,915	236,946,145
Total liabilities	407,817,958	400,908,963
Net assets:		
Without donor restrictions	180,083,063	175,925,636
With donor restrictions	27,346,362	26,491,695
Total net assets	207,429,425	202,417,331
Total liabilities and net assets	\$ 615,247,383	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Periods ended November 30, 2020 and year ended December 31, 2019

	<u>November 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 170,828,882	199,622,256
Amortization of entrance fees	15,782,242	16,955,577
Implicit price concession	<u>(2,620,249)</u>	<u>(2,209,959)</u>
Total resident services	183,990,875	214,367,874
Contributions, gifts and bequests	706,900	459,266
Government stimulus funding	11,403,345	-
Net assets released from restriction-Paycheck Protection grant	7,515,900	-
Net assets released from restrictions	<u>168,670</u>	<u>1,216,581</u>
Total operating revenues, gains, and other support	203,785,690	216,043,721
Cost of services provided:		
Nursing services	54,755,215	59,488,679
Rehabilitation	13,117,643	16,118,459
Recreation and special services	3,663,915	5,847,631
Pharmacy	2,774,633	3,354,446
Social services	912,213	1,015,769
Physician services	668,059	729,176
Food services	21,249,621	23,819,083
Building operations and maintenance	23,406,392	24,579,664
Housekeeping	3,576,857	3,871,340
Laundry and linen	1,144,571	1,272,211
General and administrative	28,465,501	30,531,494
Employee benefits	10,595,655	11,494,826
Interest	6,191,478	7,966,263
Depreciation	20,318,057	21,525,057
Amortization	259,051	282,601
Fundraising	518,434	742,586
Total cost of services provided	<u>191,617,295</u>	<u>212,639,285</u>
Excess of revenues and other support over expenses	12,168,395	3,404,436
Other (expense) income:		
Investment income, net of investment expense	1,365,067	2,085,992
Realized gain on investments	3,847,221	1,982,030
Unusual non-recurring expenses - COVID-19	(14,114,330)	-
Unrealized gain on investments	1,183,470	4,137,173
Loss on sale of property and equipment	<u>(214,042)</u>	<u>(670,883)</u>
Total other (expense) income	(7,932,614)	7,534,312
Excess of revenues, gains and other support over expenses and losses	4,235,782	10,938,748
Loss on early extinguishment of debt	(75,093)	(165,422)
Loss on impairment of asset	-	(505,085)
Transfer to affiliated entity	<u>(3,262)</u>	<u>-</u>
Change in net assets without donor restrictions	4,157,427	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Periods ended November 30, 2020 and year ended December 31, 2019

	November 30, 2020	December 31, 2019
Net assets with donor restrictions		
Contributions, gifts and bequests	8,075,163	973,389
Investment income, net of investment expense	88,878	116,614
Unrealized gain on investments	375,196	2,233,423
Net assets released from restriction - Paycheck Protection grant	(7,515,900)	-
Net assets released from restrictions	(168,670)	(1,216,581)
Change in net assets with donor restrictions	854,667	2,106,845
Change in net assets	5,012,094	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 207,429,425	202,417,331

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Periods ended November 30, 2020 and year ended December 31, 2019

	<u>November 30, 2020</u>	<u>December 31, 2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,012,094	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,318,057	21,525,057
Provision for implicit price concession and bad debt	4,332,759	1,914,132
Proceeds from entrance fees and deposits	21,638,918	25,063,395
Amortization of entrance fees	(15,782,242)	(16,955,577)
Loss on extinguishment of debt	75,093	165,422
Unrealized gain on investments and assets held in trust by others	(1,558,666)	(6,370,596)
Realized gain on investments	(3,847,221)	(1,982,030)
Realized loss on property, plant and equipment	214,042	670,883
Contributions restricted for long-term purposes	(15,811)	(59,112)
Amortization of deferred financing costs	142,619	195,666
Amortization of bond discount/premium	(24,532)	(26,761)
Amortization of goodwill	259,051	282,601
Deferred energy cost adjustment	(57,156)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	(647,425)	833,808
Entrance fee receivable	(270,064)	(379,727)
Promises to give	1,077	71,445
Other assets	(747,602)	(648,721)
Accounts payable	8,358,301	(204,893)
Accrued expenses and deferred revenue other	621,345	2,333,172
Net cash provided by operating activities	<u>38,022,637</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(37,895,129)	(28,981,368)
Net proceeds from sale of property and equipment	1,023,316	1,980,000
Net proceeds from purchase of investments	2,664,427	(19,192,482)
Net cash used in investing activities	<u>(34,207,386)</u>	<u>(46,193,850)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(3,510,593)	(4,484,519)
Change in entrance fee payable	(707,680)	(1,312,732)
Principal payments on long-term debt	(11,664,598)	(12,573,234)
Proceeds from issuance of long-term debt	25,955,000	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	(210,056)	(132,907)
(Repayments) borrowings on notes payable and lines of credit	(14,458,235)	679,992
Borrowings under finance leases	562,153	670,619
Repayments of finance lease obligations	(486,882)	(416,360)
Contributions restricted for long-term purposes	15,811	59,112
Change in annuities payable	(62,889)	(7,705)
Increase in due from affiliates	(5,191,360)	(1,979,846)
Net cash used in financing activities	<u>(13,189,330)</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(9,374,079)	(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	1,765,554	11,139,633
Restricted	19,780,620	19,780,620
	<u>21,546,174</u>	<u>30,920,253</u>