

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

October 31, 2020 and December 31, 2019

Assets	<u>October 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 1,687,669	11,139,633
Investments	75,453,623	72,958,043
Statutory minimum liquid reserve	12,646,395	12,216,204
Accounts receivable, net	11,449,840	16,406,914
Prepaid expenses	5,407,613	3,543,509
Assets whose use is limited	17,755,158	6,245,481
Assets whose use is limited, capital assets	3,351,811	17,324,107
Promises to give, net	254,841	255,968
Assets held for sale	2,350,618	3,619,230
Property and equipment (net of accumulated depreciation of \$308,379,343 and \$290,466,288, respectively)	371,194,360	356,488,553
Financing leases (net of accumulated depreciation of \$1,171,209 and \$797,499, respectively)	1,238,935	1,139,573
Assets under operating leases	49,489	96,643
Due from affiliates, net	87,067,018	80,989,105
Funds held in trust by others	18,680,737	19,321,794
Goodwill (net of accumulated amortization of \$518,102 and \$282,601, respectively)	1,318,806	1,554,307
Other assets	<u>25,383</u>	<u>27,230</u>
Total assets	<u>\$ 609,932,297</u>	<u>603,326,294</u>

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October 31, 2020 and December 31, 2019

Liabilities and Net Assets	October 31, 2020	December 31, 2019
Accounts payable	\$ 17,306,334	8,604,404
Accrued expenses	14,901,906	15,957,412
Lines of credit	3,606,840	15,198,790
Accrued interest	806,908	743,757
Resident deposits	5,803,157	2,338,788
Entrance fee payable	9,900,865	10,850,556
Deferred revenue – other	1,407,860	—
Deferred revenue – entrance fees	104,214,745	107,392,209
Deferred energy costs	963,817	1,015,777
Annuities payable	562,264	608,759
Obligations under operating leases	49,489	96,643
Long-term debt		
Obligations under financing leases	1,268,841	1,155,723
Long-term debt	246,597,060	236,946,145
Total liabilities	407,390,087	400,908,963
Net assets:		
Without donor restrictions	176,274,010	175,925,636
With donor restrictions	26,268,200	26,491,695
Total net assets	202,542,210	202,417,331
Total liabilities and net assets	\$ 609,932,297	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

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

	<u>October 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 156,023,753	199,622,256
Amortization of entrance fees	14,206,450	16,955,577
Implicit price concession	<u>(2,283,957)</u>	<u>(2,209,959)</u>
Total resident services	167,946,246	214,367,874
Contributions, gifts and bequests	584,183	459,266
Government stimulus funding	10,233,815	-
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	186,448,814	216,043,721
Cost of services provided:		
Nursing services	50,096,234	59,488,679
Rehabilitation	12,065,602	16,118,459
Recreation and special services	3,355,717	5,847,631
Pharmacy	2,514,414	3,354,446
Social services	830,943	1,015,769
Physician services	607,794	729,176
Food services	19,472,712	23,819,083
Building operations and maintenance	21,392,053	24,579,664
Housekeeping	3,288,530	3,871,340
Laundry and linen	1,043,736	1,272,211
General and administrative	25,894,059	30,531,494
Employee benefits	9,482,099	11,494,826
Interest	5,653,575	7,966,263
Depreciation	18,395,432	21,525,057
Amortization	235,501	282,601
Fundraising	<u>480,360</u>	<u>742,586</u>
Total cost of services provided	<u>174,808,761</u>	<u>212,639,285</u>
Excess of revenues and other support over expenses	11,640,053	3,404,436
Other (expense) income:		
Investment income, net of investment expense	1,323,455	2,085,992
Realized gain on investments	3,818,038	1,982,030
Unusual non-recurring expenses - COVID-19	(12,294,264)	-
Unrealized (loss) gain on investments	(3,846,511)	4,137,173
Loss on sale of property and equipment	<u>(214,042)</u>	<u>(670,883)</u>
Total other (expense) income	(11,213,324)	7,534,312
Excess of revenues, gains and other support over expenses and losses	426,729	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	348,374	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

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

	October 31, 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 (loss) gain on investments	(702,966)	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	(223,495)	2,106,845
Change in net assets	124,879	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	\$ 202,542,210	202,417,331

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

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

	<u>October 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 124,879	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,395,432	21,525,057
Provision for implicit price concession and bad debt	3,845,676	1,914,132
Proceeds from entrance fees and deposits	17,740,718	25,063,395
Amortization of entrance fees	(14,206,450)	(16,955,577)
Loss on extinguishment of debt	75,093	165,422
Unrealized loss (gain) on investments and assets held in trust by others	4,549,477	(6,370,596)
Realized gain on investments	(3,818,038)	(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	129,888	195,666
Amortization of bond discount/premium	(22,302)	(26,761)
Amortization of goodwill	235,501	282,601
Deferred energy cost adjustment	(51,960)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	907,570	833,808
Entrance fee receivable	203,827	(379,727)
Promises to give	1,127	71,445
Other assets	(1,862,035)	(648,721)
Accounts payable	8,701,929	(204,893)
Accrued expenses and deferred revenue other	415,507	2,333,172
Net cash provided by operating activities	<u>35,564,070</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(33,169,347)	(28,981,368)
Net proceeds from sale of property and equipment	1,023,316	1,980,000
Net proceeds from purchase of investments	<u>(553,536)</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(32,699,566)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(3,247,362)	(4,484,519)
Change in entrance fee payable	(949,691)	(1,312,732)
Principal payments on long-term debt	(10,846,929)	(12,573,234)
Proceeds from issuance of long-term debt	23,955,000	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	(11,591,950)	679,992
Borrowings under finance leases	555,339	670,619
Repayments of finance lease obligations	(442,222)	(416,360)
Contributions restricted for long-term purposes	15,811	59,112
Change in annuities payable	(46,495)	(7,705)
Increase in due from affiliates	<u>(6,077,913)</u>	<u>(1,979,846)</u>
Net cash used in financing activities	<u>(12,316,468)</u>	<u>(19,524,930)</u>
Net decrease in cash and cash equivalents	(9,451,964)	(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	1,687,669	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	21,468,289	30,920,253