

Presbyterian Homes Obligated Group

Statements of Financial Position

October 31, 2023 and December 31, 2022

	<u>October 31, 2023</u>	<u>December 31, 2022</u>
Assets		
Cash and cash equivalents	\$ 3,821,886	\$ 10,041,000
Investments	96,906,069	95,098,031
Statutory Liquid Reserve	13,843,719	10,905,687
Accounts receivable, net	14,176,337	11,220,074
Assets whose use is limited	47,533,900	43,561,377
Property and equipment, net	478,988,778	377,257,983
Due from affiliates, net	88,033,244	86,233,954
Funds held in trust by others	17,407,241	17,559,350
Other assets	18,796,859	6,005,752
	<hr/>	<hr/>
Total assets	<u>\$ 779,508,034</u>	<u>\$ 657,883,208</u>
Liabilities and Net Assets		
Accounts Payable	\$ 8,786,825	\$ 8,084,607
Accrued expenses	19,522,953	15,061,226
Lines of credit	9,491,486	16,602,167
Resident deposits	4,847,697	2,227,667
Entrance fees payable	14,010,593	7,114,328
Other liabilities	3,027,446	5,177,226
Cares act funding liabilities	56,828	20,520
Long-term debt, senior living	351,664,793	259,343,071
Deferred revenue from entrance fees	148,747,466	123,277,629
	<hr/>	<hr/>
Total liabilities	<u>560,156,087</u>	<u>436,908,441</u>
Net Assets		
Without donor restriction	193,098,030	195,704,334
With donor restriction	26,253,917	25,270,433
Total net assets (deficit)	<u>219,351,947</u>	<u>220,974,767</u>
	<hr/>	<hr/>
Total liabilities, net assets and equity	<u>\$ 779,508,034</u>	<u>\$ 657,883,208</u>

Presbyterian Homes Obligated Group

Statements of Operations and Changes in Net Assets

Period ended October 31, 2023 and year ended December 31, 2022

	<u>October 31, 2023</u>	<u>December 31, 2022</u>
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Resident services:		
Resident services	\$ 154,023,420	\$ 168,470,466
Amortization of entrance fees	16,332,731	16,756,172
Total resident services	170,356,152	185,226,639
Sales of other services and materials	52,590	-
Contributions, gifts, grants and bequests	379,920	495,274
Government grants	-	2,000,000
Government stimulus	166,284	1,465,364
FEMA funding	29,790	2,236,500
Net assets released from restrictions	493,824	709,098
Total operating revenues and other support	171,478,560	192,132,874
Expenses:		
Nursing services	48,673,381	53,900,760
Rehabilitation	7,134,720	8,934,430
Recreation and special services	3,024,698	3,505,546
Pharmacy	2,412,441	2,812,912
Social Services	705,586	837,211
Physician Services	561,191	705,113
Dining Services	19,269,376	20,993,437
Building operations and maintenance	23,363,740	26,255,439
Housekeeping	3,162,210	3,304,580
Laundry	1,042,955	1,009,706
Management and general	26,789,061	30,062,485
Employee Benefits	8,157,465	9,467,050
Interest	9,379,805	7,583,565
Depreciation	20,845,474	24,799,176
Amortization	441,384	282,601
Fundraising	373,680	620,799
Total expenses before non-recurring expenses	175,337,166	195,074,811
Non-recurring expenses, COVID-19	6,293	1,037,819
Operating income (loss) before gains and losses	(3,864,898)	(3,979,756)
Loss on sale and disposal of property	(860,625)	(30,440)
Loss on impairment of asset	(635,166)	-
Operating income (loss)	(5,360,690)	(4,010,196)
Other income (loss):		
Investment income, net of investment expense	2,991,678	2,647,569
Realized gain on investments	32,253	2,026,907
Unrealized gain (loss) on investments	496,152	(17,399,455)
Loss on early extinguishment of debt	(765,698)	-
Total other income (loss)	2,754,386	(12,724,979)
Revenues less than expenses	(2,606,304)	(16,735,175)
Transfer to affiliated entity	-	(725,000)
Grant revenue - capital	-	637,183
Decrease in net assets without donor restrictions	(2,606,304)	(16,822,992)

Presbyterian Homes Obligated Group

Statements of Operations and Changes in Net Assets

Period ended October 31, 2023 and year ended December 31, 2022

	<u>October 31, 2023</u>	<u>December 31, 2022</u>
Net Assets With Donor Restrictions		
Contributions, gifts, grants and bequests	1,497,242	1,216,357
Investment income, net of investment expense	51,102	82,871
Unrealized loss on investments	(71,036)	(4,474,792)
Net assets released from restrictions	<u>(493,824)</u>	<u>(709,098)</u>
	983,484	(3,884,662)
Increase in net assets with donor restrictions	<u>983,484</u>	<u>(3,884,662)</u>
	(1,622,820)	(20,707,654)
Decrease in net assets	<u>(1,622,820)</u>	<u>(20,707,654)</u>
Net Assets (Deficit), Beginning	<u>220,974,767</u>	<u>241,682,421</u>
Net Assets (Deficit), Ending	<u>\$ 219,351,947</u>	<u>\$ 220,974,767</u>

Presbyterian Homes Obligated Group

Statements of Cash Flows

Period ended October 31, 2023 and year ended December 31, 2022

	<u>October 31, 2023</u>	<u>December 31, 2022</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (1,622,820)	\$ (20,707,654)
Adjustments to reconcile increase (decrease) in net assets (deficit) to net cash provided by (used in) operating activities		
Depreciation	20,845,474	24,799,176
Provision for doubtful collections	1,517,850	1,069,215
Proceeds from non-refundable fees and deposits	21,352,490	26,384,571
Amortization of entrance fees	(16,332,731)	(16,756,172)
Loss on early extinguishment of debt	765,698	-
Unrealized (gain) loss on investments and change in fair value of funds held in trust by others	(425,116)	21,874,247
Realized gain on investments	(32,253)	(2,026,907)
Loss on sale of community and disposals of property and equipment	860,625	30,440
Contributions restricted for long-term purposes	(24,149)	(222,477)
Amortization of deferred financing costs	(162,984)	128,372
Amortization of bond premium	(333,964)	(407,025)
Amortization of bond discount	41,605	-
Loss on impairment of asset	635,166	-
Changes in assets and liabilities		
Accounts receivable	(4,611,794)	(377,236)
Entrance fee receivable	137,681	(1,053,219)
Other assets	538,329	(441,264)
Accounts payable	(103,782)	(2,288,776)
Accrued expenses	4,461,727	925,513
Other liabilities	(2,625,330)	(185,589)
CARES act funding liabilities	36,308	(4,451,820)
Net cash provided by operating activities	<u>24,918,029</u>	<u>26,293,394</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(26,322,330)	(27,221,715)
Proceeds from sale of property and equipment	2,600,000	200,211
Amounts paid in acquisitions	(79,764,976)	-
Purchases of investments	(47,684,171)	(48,572,873)
Proceeds from sale of investments	39,575,056	49,407,224
Due from affiliates, net	(1,799,291)	1,811,067
Net cash used in investing activities	<u>(113,395,711)</u>	<u>(24,376,086)</u>
Cash Flows From Financing Activities		
Refunds of entrance fees and deposits	(4,281,353)	(3,681,435)
Proceeds from refundable entrance fees and deposits, resales	315,655	239,325
Proceeds from refundable entrance fees and deposits, new units	1,299,432	798,668
Principal payments on redemptions of long-term debt	(17,213,108)	(13,041,996)
Proceeds from issuance of long-term debt	216,090,000	-
Early payoff of long-term debt	(100,387,570)	-
Financing costs paid	(6,477,955)	-
(Repayments) borrowings on lines of credit	(7,110,681)	1,008,724
Contributions restricted for long-term purposes	24,149	222,477
Net cash provided by (used in) financing activities	<u>82,258,568</u>	<u>(14,454,238)</u>
Net change in cash, cash equivalents and restricted cash	(6,219,114)	(12,536,928)
Cash, cash equivalents and restricted cash, beginning	<u>51,967,810</u>	<u>64,504,738</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 45,748,696</u>	<u>\$ 51,967,810</u>
Cash and cash equivalents	\$ 3,821,886	\$ 10,041,000
Restricted cash in investments	41,926,810	41,926,810
Total cash, cash equivalents and restricted cash	<u>\$ 45,748,696</u>	<u>\$ 51,967,810</u>