

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Financial Position

September 30, 2020 and December 31, 2019

Assets	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 13,054,683	11,139,633
Investments	77,624,968	72,958,043
Statutory minimum liquid reserve	12,712,624	12,216,204
Accounts receivable, net	11,850,408	16,406,914
Prepaid expenses	5,642,787	3,543,509
Assets whose use is limited	17,726,522	6,245,481
Assets whose use is limited, capital assets	4,319,015	17,324,107
Promises to give, net	280,161	255,968
Assets held for sale	2,350,618	3,619,230
Property and equipment (net of accumulated depreciation of \$306,498,782 and \$290,466,288, respectively)	369,695,394	356,488,553
Financing leases (net of accumulated depreciation of \$1,126,948 and \$797,499, respectively)	1,283,197	1,139,573
Assets under operating leases	52,782	96,643
Due from affiliates, net	81,767,729	80,989,105
Funds held in trust by others	18,759,483	19,321,794
Goodwill (net of accumulated amortization of \$494,552 and \$282,601, respectively)	1,342,356	1,554,307
Other assets	<u>67,323</u>	<u>27,230</u>
Total assets	<u>\$ 618,530,050</u>	<u>603,326,294</u>

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September 30, 2020 and December 31, 2019

Liabilities and Net Assets	September 30, 2020	December 31, 2019
Accounts payable	\$ 17,148,393	8,604,404
Accrued expenses	14,212,590	15,957,412
Lines of credit	10,628,606	15,198,790
Accrued interest	777,513	743,757
Resident deposits	5,370,078	2,338,788
Entrance fee payable	10,356,626	10,850,556
Deferred revenue – other	2,824,417	—
Deferred revenue – entrance fees	104,347,104	107,392,209
Deferred energy costs	969,013	1,015,777
Annuities payable	565,258	608,759
Obligations under operating leases	52,782	96,643
Long-term debt		
Obligations under financing leases	1,314,534	1,155,723
Long-term debt	245,932,756	236,946,145
Total liabilities	414,499,672	400,908,963
Net assets:		
Without donor restrictions	177,683,432	175,925,636
With donor restrictions	26,346,946	26,491,695
Total net assets	204,030,378	202,417,331
Total liabilities and net assets	\$ 618,530,050	603,326,294

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Quarters ended September 30, 2020 and year ended December 31, 2019

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Revenues and other support:		
Resident services		
Resident services	\$ 140,630,455	199,622,256
Amortization of entrance fees	12,589,587	16,955,577
Implicit price concession	<u>(1,986,313)</u>	<u>(2,209,959)</u>
Total resident services	151,233,730	214,367,874
Contributions, gifts and bequests	501,382	459,266
Government stimulus funding	8,786,875	-
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	168,206,557	216,043,721
Cost of services provided:		
Nursing services	45,216,171	59,488,679
Rehabilitation	10,858,488	16,118,459
Recreation and special services	3,043,972	5,847,631
Pharmacy	2,243,445	3,354,446
Social services	744,254	1,015,769
Physician services	547,819	729,176
Food services	17,574,182	23,819,083
Building operations and maintenance	19,245,371	24,579,664
Housekeeping	2,972,028	3,871,340
Laundry and linen	943,348	1,272,211
General and administrative	23,309,997	30,531,494
Employee benefits	8,509,241	11,494,826
Interest	5,092,667	7,966,263
Depreciation	16,470,610	21,525,057
Amortization	211,951	282,601
Fundraising	<u>441,486</u>	<u>742,586</u>
Total cost of services provided	<u>157,425,030</u>	<u>212,639,285</u>
Excess of revenues and other support over expenses	10,781,527	3,404,436
Other (expense) income:		
Investment income, net of investment expense	1,276,007	2,085,992
Realized gain on investments	3,792,340	1,982,030
Unusual non-recurring expenses - COVID-19	(10,801,715)	-
Unrealized (loss) gain on investments	(2,962,856)	4,137,173
Loss on sale of property and equipment	<u>(249,152)</u>	<u>(670,883)</u>
Total other (expense) income	(8,945,376)	7,534,312
Excess of revenues, gains and other support over expenses and losses	1,836,151	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	1,757,796	10,268,241

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Operations and Changes in Net Assets

Quarters ended September 30, 2020 and year ended December 31, 2019

	September 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 (loss) gain on investments	(624,220)	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	(144,749)	2,106,845
Change in net assets	1,613,047	12,375,086
Net assets beginning of year	202,417,331	190,042,245
Net assets, end of year	<u>\$ 204,030,378</u>	<u>202,417,331</u>

PRESBYTERIAN HOMES OBLIGATED GROUP

Combined Statements of Cash Flows

Quarters ended September 30, 2020 and year ended December 31, 2019

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,613,047	12,375,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,470,610	21,525,057
Provision for implicit price concession and bad debt	3,437,297	1,914,132
Proceeds from entrance fees and deposits	14,757,104	25,063,395
Amortization of entrance fees	(12,589,587)	(16,955,577)
Loss on extinguishment of debt	75,093	165,422
Unrealized loss (gain) on investments and assets held in trust by others	3,587,076	(6,370,596)
Realized gain on investments	(3,792,340)	(1,982,030)
Realized loss on property, plant and equipment	249,152	670,883
Contributions restricted for long-term purposes	(15,811)	(59,112)
Amortization of deferred financing costs	117,156	195,666
Amortization of bond discount/premium	(20,071)	(26,761)
Amortization of goodwill	211,951	282,601
Deferred energy cost adjustment	(46,764)	(62,352)
Loss on impairment of asset	—	505,085
Change in assets and liabilities:		
Accounts receivable	716,310	833,808
Entrance fee receivable	402,899	(379,727)
Promises to give	(24,193)	71,445
Other assets	(2,139,171)	(648,721)
Accounts payable	8,543,988	(204,893)
Accrued expenses and deferred revenue other	1,113,352	2,333,172
Net cash provided by operating activities	<u>32,667,099</u>	<u>39,245,983</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(29,824,930)	(28,981,368)
Net proceeds from sale of property and equipment	1,023,316	1,980,000
Net proceeds from purchase of investments	<u>(2,871,720)</u>	<u>(19,192,482)</u>
Net cash used in investing activities	(31,673,334)	(46,193,850)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(2,181,332)	(4,484,519)
Change in entrance fee payable	(493,930)	(1,312,732)
Principal payments on long-term debt	(9,500,710)	(12,573,234)
Proceeds from issuance of long-term debt	21,955,000	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	(4,570,184)	679,992
Borrowings under finance leases	555,339	670,619
Repayments of finance lease obligations	(396,528)	(416,360)
Contributions restricted for long-term purposes	15,811	59,112
Change in annuities payable	(43,501)	(7,705)
Increase in due from affiliates	<u>(778,624)</u>	<u>(1,979,846)</u>
Net cash provided by (used in) financing activities	<u>921,285</u>	<u>(19,524,930)</u>
Net increase (decrease) in cash and cash equivalents	1,915,050	(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	13,054,683	11,139,633
Restricted	<u>19,780,620</u>	<u>19,780,620</u>
	32,835,303	30,920,253