

Shepherd Center, Inc. and Subsidiaries
(A Not-for-Profit Organization)

Consolidated Statements of Financial Position
March 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,657,460	\$ 19,750,149
Patient accounts receivable, less allowance for doubtful accounts of \$3,297,250 in 2020 and \$2,734,358 in 2019	97,075,124	64,902,919
Current portion of contributions receivable	1,507,653	3,379,315
Other current assets	<u>12,680,720</u>	<u>8,798,451</u>
Total current assets	144,920,957	96,830,834
Investments	261,716,960	299,462,211
Assets limited as to use	3,108,978	3,113,800
Property and equipment, at cost less accumulated depreciation	134,181,602	134,021,448
Contributions receivable, less current portion and discount of \$471,937 in 2020 and \$186,974 in 2019	3,647,154	809,026
Other assets	<u>15,939,178</u>	<u>11,148,678</u>
Total assets	<u>\$ 563,514,829</u>	<u>\$ 545,385,997</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of annuities payable	\$ 419,791	\$ 432,203
Current portion of long-term debt	2,300,000	600,000
Accounts payable	6,336,826	4,301,782
Accrued compensation and expenses	20,480,290	19,929,898
Deferred revenue and other liabilities	<u>1,965,004</u>	<u>516,086</u>
Total current liabilities	<u>31,501,911</u>	<u>25,779,969</u>
Annuities payable, less current portion	5,272,059	5,358,474
Long-term debt, less current portion and unamortized bond issuance costs	<u>48,101,129</u>	<u>50,360,772</u>
Total liabilities	<u>84,875,099</u>	<u>81,499,215</u>
Net assets:		
Without donor restrictions	362,359,510	345,823,133
With donor restrictions	<u>116,280,220</u>	<u>118,063,649</u>
Total net assets	<u>478,639,730</u>	<u>463,886,782</u>
Total liabilities and net assets	<u>\$ 563,514,829</u>	<u>\$ 545,385,997</u>

See accompanying notes to consolidated financial statements.

Note 7: Long-Term Debt and Line of Credit

Bonds Payable – Series 2009

Under a Trust Indenture, dated February 1, 2005, between Development Authority of Fulton County (Issuer) and a commercial bank (Trustee), Development Authority of Fulton County Revenue Bonds (Shepherd Center, Inc. Project), Series 2005 (2005 Bonds) totaling \$56,000,000 were issued on April 19, 2005. The Issuer loaned the net proceeds of the sale of the Bonds to the Center, pursuant to a Loan Agreement, dated February 1, 2005 between the Issuer and the Center to enable the Center to finance the acquisition, construction and equipping of improvements to the Center.

Under a Trust Indenture, dated November 4, 2009, between Development Authority of Fulton County (Issuer) and a commercial bank (Trustee), Development Authority of Fulton County Refunding Revenue Bonds (Shepherd Center, Inc. Project), Series 2009 (2009 Bonds) totaling \$56,000,000 were issued on November 4, 2009. The Issuer loaned the net proceeds of the sale of the 2009 Bonds to the Center, pursuant to a Loan Agreement, dated November 1, 2009, between the Issuer and the Center to enable the Center to use the proceeds of the sale of the 2009 Bonds for the purpose of refunding the 2005 Bonds.

Outstanding borrowings totaled \$50,600,000 and \$51,200,000 at March 31, 2020 and 2019, respectively, which are presented net of unamortized bond issuance costs of \$198,871 and \$239,228, respectively.

The Bonds bear interest at a variable rate set not to exceed 12% per annum (5.04% at March 31, 2020) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2020 and 2019 was 1.56% and 1.53%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled \$1,140,550 and \$1,131,721 for 2020 and 2019, respectively.

The Bonds are redeemable at the option of the Center, in whole or in part, at various redemption prices on any interest payment date and have required escalating principal payments due annually beginning in December 2019 and maturing in September 2035. Fiscal year contractual maturities of the Bonds payable at March 31, 2020, are as follows:

Year Ending March 31,

2021	\$ 2,300,000
2022	2,400,000
2023	2,500,000
2024	2,600,000
2025	2,700,000
Thereafter	<u>38,100,000</u>
	<u>\$ 50,600,000</u>

In connection with the issuance of the 2009 Bonds, the Center obtained an irrevocable letter of credit in the initial amount of \$56,736,439 from a financial institution (Credit Provider). The letter of credit served as a credit enhancement and as security for the bonds. The letter of credit, which is secured by the Center's revenues, was issued on November 4, 2009. On September 2, 2015, the Center obtained a new letter of credit with another financial institution in the initial amount of \$51,873,315 and simultaneously terminated the existing letter of credit. For the years ended March 31, 2020 and 2019, the Center was subject to an annual fee of 0.50% of the letter of credit amount, payable semi-annually in advance. The letter of credit expires September 2, 2020. In April 2020, the letter of credit was extended effective September 2, 2020 and expires on September 2, 2025. The balance at March 31, 2020 and 2019 was \$50,600,000 and \$51,200,000, respectively.

In addition, the Center entered into a remarketing agent agreement with a financial institution. The remarketing agent determines the weekly variable interest rate and remarkets all Bonds redeemed at the option of the Bond holders for an annual fee of 0.08% of the weighted average daily principal amount of Bonds outstanding.

Line of Credit

On October 5, 2015, the Center entered into an unsecured revolving loan agreement with a financial institution that allows for borrowings up to \$15,000,000, which matured on October 1, 2016. The line was extended and matures on April 29, 2021, at which time the balance, if any, plus accrued interest is due. Outstanding borrowings bear interest at one-month LIBOR plus 0.85%. As of March 31, 2020 and 2019, there was no outstanding balance. Interest expense, which included certain legal and commitment fees, totaled \$31,193 and \$30,865 for 2020 and 2019, respectively.

The Center is subject to certain financial and nonfinancial covenants under the various Bond and line of credit agreements. At March 31, 2020, the Center was in compliance with these covenants.

Note 8: Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31, 2020 and 2019:

	2020	2019
Net Assets With Donor Restrictions:		
Share Initiative	\$ 11,949,802	\$ 8,125,077
Capital Projects and Maintenance	9,152,687	7,846,122
Jesse Crawford Research Fund	4,002,645	4,279,043
Other Miscellaneous Funds	2,805,487	5,000,051
Shepherd Center Fund	2,427,194	2,259,742
Therapeutic Recreation Fund	2,045,721	1,390,662
Housing/Transportation Fund	1,792,771	2,320,585
MS General Fund	1,775,191	1,605,714
MS Rehab and Wellness Fund	1,606,322	2,040,634
Charitable Gift Annuity Program	1,397,514	2,340,465
Andee's Army	1,183,160	1,259,243
SCI Research Program	920,748	993,465
Animal Therapy Fund	881,835	-
Chaplaincy Fund	819,755	-
Assistive Technology Fund	706,887	360,092
Transition Support	585,357	626,771
Patient Assistance	191,642	-
CCC Peer Mentoring	189,694	-
SCI Program	180,491	-
Acquired Brain Injury Fund	174,161	195,409
Prevention Fund	-	47,289
	<u>44,789,064</u>	<u>40,690,364</u>