

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

Consolidated Statements of Financial Position
March 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 52,540,023	\$ 33,657,460
Patient accounts receivable, less allowance for doubtful accounts of \$2,117,629 in 2021 and \$3,297,250 in 2020	81,950,829	97,075,124
Current portion of contributions receivable	22,398,777	1,507,653
Other current assets	11,080,135	12,680,720
Total current assets	167,969,764	144,920,957
Investments	392,284,816	261,716,960
Assets limited as to use	3,790,102	3,108,978
Property and equipment, at cost less accumulated depreciation	134,030,392	134,181,602
Contributions receivable, less current portion and discount of \$10,425,342 in 2021 and \$471,937 in 2020	60,150,452	3,647,154
Other assets	16,246,975	15,939,178
Total assets	<u>\$ 774,472,501</u>	<u>\$ 563,514,829</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of annuities payable	\$ 492,791	\$ 419,791
Current portion of long-term debt	2,400,000	2,300,000
Accounts payable	4,897,203	6,336,826
Accrued compensation and expenses	26,138,841	20,480,290
Deferred revenue and other liabilities	8,185,656	1,965,004
Total current liabilities	42,114,491	31,501,911
Annuities payable, less current portion	5,367,213	5,272,059
Long-term debt, less current portion and unamortized bond issuance costs	45,725,226	48,101,129
Total liabilities	93,206,930	84,875,099
Net assets:		
Without donor restrictions	431,447,371	362,359,510
With donor restrictions	249,818,200	116,280,220
Total net assets	681,265,571	478,639,730
Total liabilities and net assets	<u>\$ 774,472,501</u>	<u>\$ 563,514,829</u>

See accompanying notes to consolidated financial statements.

Note 8: 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 \$48,300,000 and \$50,600,000 at March 31, 2021 and 2020, respectively, which are presented net of unamortized bond issuance costs of \$174,774 and \$198,871, respectively.

The Bonds bear interest at a variable rate set not to exceed 12% per annum (0.12% at March 31, 2021) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2021 and 2020 was 0.20% and 1.56%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled \$456,627 and \$1,140,550 for 2021 and 2020, 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, 2021, are as follows:

Year Ending March 31,	
2022	\$ 2,400,000
2023	2,500,000
2024	2,600,000
2025	2,700,000
2026	2,800,000
Thereafter	<u>35,300,000</u>
	<u>\$ 48,300,000</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, 2021 and 2020, 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 was scheduled to expire on 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, 2021 and 2020 was \$48,300,000 and \$50,600,000, 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

During October 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. In April 2020, the line was extended and the maximum borrowing capacity was increased to \$30,000,000. On May 7, 2021, the line was extended and the maximum borrowing capacity was reduced to \$20,000,000.

The line matures on August 31, 2022, at which time the balance, if any, plus accrued interest is due. Outstanding borrowings bear interest at one-month LIBOR plus 1.05%. As of March 31, 2021 and 2020, there was no outstanding balance. Interest expense, which included certain legal and commitment fees, totaled \$183,029 and \$31,193 for 2021 and 2020, respectively.

The Center is subject to certain financial and nonfinancial covenants under the various Bond and line of credit agreements. At March 31, 2021, the Center was in compliance with these covenants.

Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at March 31, 2021 and 2020:

	2021	2020
Net Assets With Donor Restrictions - Non-Endowment:		
Pursuing Possible	\$ 92,395,580	\$ -
Share Initiative	15,005,343	11,949,802
Capital Projects and Maintenance	6,095,147	9,152,687
Jesse Crawford Research Fund	5,535,384	4,002,645
Charitable Gift Annuity Program	4,686,429	1,397,514
Other Miscellaneous Funds	4,028,710	2,805,487
Shepherd Center Fund	3,519,887	2,427,194
Housing/Transportation Fund	2,777,605	1,792,771
Therapeutic Recreation Fund	2,584,974	2,045,721
MS General Fund	2,544,036	1,775,191
MS Rehab and Wellness Fund	1,939,717	1,606,322
Andee's Army	1,671,493	1,183,160
Animal Therapy Fund	1,292,414	881,835
SCI Research Program	1,150,636	920,748
Chaplaincy Fund	1,120,947	819,755
Assistive Technology Fund	988,537	706,887
Transition Support	849,753	585,357
Patient Assistance	570,260	191,642
Acquired Brain Injury Fund	269,693	174,161
SCI Program	251,148	180,491
CCC Peer Mentoring	45,796	189,694
Prevention Fund	44,977	-
Patient Equipment	34,295	-
	<u>149,402,761</u>	<u>44,789,064</u>