

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

Consolidated Statements of Financial Position
March 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 99,116,755	\$ 52,540,023
Patient accounts receivable, less allowance for doubtful accounts of \$1,864,902 in 2022 and \$1,828,780 in 2021	70,995,320	81,950,829
Current portion of contributions receivable	49,327,766	22,398,777
Other current assets	13,513,746	11,080,135
Total current assets	232,953,587	167,969,764
Investments	408,981,980	392,284,816
Assets limited as to use	4,145,681	3,790,102
Property and equipment, at cost less accumulated depreciation	129,947,249	134,030,392
Contributions receivable, less current portion and discount of \$13,320,627 in 2022 and \$10,425,342 in 2021	87,177,672	60,150,452
Other assets	15,505,061	16,246,975
Total assets	<u>\$ 878,711,230</u>	<u>\$ 774,472,501</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 2,500,000	\$ 2,400,000
Accounts payable	8,608,757	4,897,203
Accrued compensation and expenses	26,032,468	26,138,841
Deferred revenue and other liabilities	7,226,399	8,185,656
Total current liabilities	44,367,624	41,621,700
Annuities payable	5,769,952	5,860,004
Long-term debt, less current portion and unamortized bond issuance costs	43,237,710	45,725,226
Total liabilities	93,375,286	93,206,930
Net assets:		
Without donor restrictions	457,936,021	431,447,371
With donor restrictions	327,399,923	249,818,200
Total net assets	785,335,944	681,265,571
Total liabilities and net assets	<u>\$ 878,711,230</u>	<u>\$ 774,472,501</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 \$45,900,000 and \$48,300,000 at March 31, 2022 and 2021, respectively, which are presented net of unamortized bond issuance costs of \$162,290 and \$174,774, respectively.

The Bonds bear interest at a variable rate set not to exceed 12% per annum (0.57% at March 31, 2022) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2022 and 2021 was 0.14% and 0.20%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled \$368,123 and \$456,627 for 2022 and 2021, 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, 2022, are as follows:

Year Ending March 31,

2023	\$ 2,500,000
2024	2,600,000
2025	2,700,000
2026	2,800,000
2027	2,900,000
2028	3,100,000
2029	3,200,000
2030	3,300,000
2031	3,400,000
2032	3,600,000
2033	3,700,000
2034	3,900,000
2035	4,000,000
2036	4,200,000
	<u>\$ 45,900,000</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, 2022 and 2021, 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, 2022 and 2021 was \$45,900,000 and \$48,300,000, 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. On May 7, 2021, the line was extended and the maximum borrowing capacity was changed 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, 2022 and 2021, there was no outstanding balance. Interest expense, which included certain legal and commitment fees, totaled \$80,743 and \$183,029 for 2022 and 2021, respectively.

The Center is subject to certain financial and nonfinancial covenants under the various Bond and line of credit agreements. At March 31, 2022, the Center was in compliance with these covenants.