

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

Consolidated Statements of Financial Position
March 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 60,032,254	\$ 77,778,392
Patient accounts receivable, less allowance for doubtful accounts of \$2,885,268 in 2024 and \$2,051,589 in 2023	94,064,853	80,641,062
Current portion of contributions receivable	42,597,986	66,448,718
Other current assets	14,246,996	13,486,268
Total current assets	210,942,089	238,354,440
Investments	448,811,631	424,024,569
Assets limited as to use	5,144,279	4,155,668
Property and equipment, at cost less accumulated depreciation	268,988,696	150,615,546
Contributions receivable, less current portion and discount of \$12,429,301 in 2024 and \$17,469,400 in 2023	84,203,362	79,759,393
Other assets	12,095,542	13,913,881
Total assets	<u>\$ 1,030,185,599</u>	<u>\$ 910,823,497</u>
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 2,700,000	\$ 2,600,000
Accounts payable	21,262,881	14,839,189
Accrued compensation and expenses	25,440,792	24,024,983
Deferred revenue and other liabilities	2,750,129	826,434
Total current liabilities	52,153,802	42,290,606
Annuities payable	5,622,795	5,695,099
Long-term debt, less current portion and unamortized bond issuance costs	52,393,486	40,700,294
Total liabilities	110,170,083	88,685,999
Net assets:		
Without donor restrictions	617,874,584	463,181,046
With donor restrictions	302,140,932	358,956,452
Total net assets	920,015,516	822,137,498
Total liabilities and net assets	<u>\$ 1,030,185,599</u>	<u>\$ 910,823,497</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 \$40,800,000 and \$43,400,000 at March 31, 2024 and 2023, respectively, which are presented net of unamortized bond issuance costs of \$137,322 and \$149,806, respectively.

The Bonds bear interest at a variable rate set not to exceed 12% per annum (3.70% at March 31, 2024) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2024 and 2023 was 3.51% and 1.99%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled \$1,735,510 and \$1,173,515 for 2024 and 2023, 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, 2024, are as follows:

Year Ending March 31,

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>\$ 40,800,000</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, 2024 and 2023, 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, 2024 and 2023 was \$40,800,000 and \$43,400,000, 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.

Bonds Payable – Series 2022

Under a Bond Purchase and Loan Agreement (the Loan Agreement), dated December 22, 2022, between Development Authority of Fulton County (Issuer) and a commercial bank (Lender), Development Authority of Fulton County Revenue Bonds (Shepherd Center, Inc. Project), Series 2022 (2022 Bonds) up to \$175,000,000 may be issued pursuant to the Loan Agreement. The Loan Agreement will support the Center in financing the construction and equipping of improvements to the Center.

Outstanding borrowings totaled \$15,050,100 and \$50,100 at March 31, 2024 and 2023, respectively. For the year ended March 31, 2024, unamortized bond issuance costs were \$619,292 were presented net of outstanding borrowings. For the year ended March 31, 2023, the related unamortized bond issuance costs of \$783,830 are included as a component of other assets within the accompanying consolidated statements of financial position.

The Bonds bear interest at a variable rate set at the Securities Industry and Financial Markets Association (SIFMA) index rate plus 0.711% (4.35% at March 31, 2024) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2024 and 2023 was 4.21% and 3.69%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled \$166,219 and \$45,652 for 2024 and 2023, 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 mature in December 2027, at which time the Center would be required to either refinance or repay the bonds in full.

Line of Credit

The Center maintains an unsecured revolving loan agreement with maximum borrowing capacity of \$20,000,000 through August 31, 2025, at which time the balance, if any, plus accrued interest is due. Outstanding borrowings bear interest at Adjusted Term Secured Overnight Financing Rate (SOFR), which is defined as the sum of the Term SOFR for the period plus a margin of 0.64%. As of March 31, 2024, and 2023, there was no outstanding balance on the line of credit. Interest expense, which included certain legal and commitment fees, totaled \$25,347 and \$39,260 for 2024 and 2023, respectively.

The Center is subject to certain financial and nonfinancial covenants under the various Bond and line of credit agreements. At March 31, 2024, the Center was in compliance with these covenants.