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

Consolidated Statements of Financial Position
March 31, 2026 and 2025

	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	$ 90,699,937	$ 75,141,383
Patient accounts receivable, less allowance for doubtful accounts of $3,382,392 in 2026 and $3,604,821 in 2025	110,314,865	83,567,434
Current portion of contributions receivable	28,402,781	34,685,136
Other current assets	14,372,040	12,950,549
Total current assets	243,789,623	206,344,502
Investments	501,968,141	460,830,842
Assets limited as to use	6,794,945	5,662,991
Property and equipment, at cost less accumulated depreciation	399,907,554	360,135,576
Contributions receivable, less current portion and discount of $5,040,867 in 2026 and $9,921,920 in 2025	33,468,821	63,822,201
Other assets	7,642,508	10,155,684
Total assets	$ 1,193,571,592	$ 1,106,951,796
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	$ 2,900,000	$ 2,800,000
Accounts payable	19,926,632	16,280,995
Accrued compensation and expenses	28,960,550	25,211,606
Deferred revenue and other liabilities	2,503,602	2,653,986
Total current liabilities	54,290,784	46,946,587
Annuities payable	5,503,098	5,579,363
Long-term debt, less current portion and unamortized bond issuance costs	124,551,108	104,272,297
Total liabilities	184,344,990	156,798,247
Net assets:		
Without donor restrictions	728,806,243	662,157,993
With donor restrictions	280,420,359	287,995,556
Total net assets	1,009,226,602	950,153,549
Total liabilities and net assets	$ 1,193,571,592	$ 1,106,951,796

See accompanying notes to consolidated financial statements.

Note 6: Property and Equipment

A summary of property and equipment at March 31, 2026 and 2025, is as follows:

	2026	2025
Land	$ 46,428,807	$ 44,910,980
Land improvements	7,460,591	5,736,743
Building	340,411,469	342,193,967
Building services equipment	78,802,635	74,030,286
Fixed equipment	4,335,377	4,077,886
Major movable equipment	118,500,235	112,106,827
	595,939,114	583,056,689
Less: accumulated depreciation	(243,837,286)	(226,289,869)
	352,101,828	356,766,820
Construction in progress	47,805,726	3,368,756
	$ 399,907,554	$ 360,135,576

Construction in progress at March 31, 2026 and 2025 is primarily related to various Center facility expansion and renovation projects. These projects at March 31, 2026 have an estimated total remaining cost to complete of approximately $26,566,578, and will be funded by the Pursuing Possible campaign funds and bonds. Capitalized interest is not significant in either 2026 or 2025.

Depreciation expense for the years ended March 31, 2026 and 2025 amounted to $18,254,528 and $12,436,566, respectively.

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 $35,300,000 and $38,100,000 at March 31, 2026 and 2025, respectively, which are presented net of unamortized bond issuance costs of $112,355 and $124,839 for 2026 and 2025, respectively.

The Bonds bear interest at a variable rate set not to exceed 12% per annum (2.48% at March 31, 2026) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2026 and 2025 was 2.59% and 3.24%, respectively. Interest expense, which included remarketing fees, letter of credit fees, and amortization of bond issuance costs, totaled $1,195,187 and $1,533,510 for 2026 and 2025, 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, 2026, are as follows:

Year Ending March 31,	
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
	$ 35,300,000

In connection with the issuance of the 2009 Bonds, the Center has maintained an irrevocable letter of credit from financial institutions (Credit Providers). The letter of credit serves as a credit enhancement and as security for the bonds and is secured by the Center's revenues. For the years ended March 31, 2026 and 2025, the Center was subject to an annual fee of 0.50% of the letter of credit amount, payable semi-annually in advance. The existing letter of credit expires on September 2, 2030. The balance at March 31, 2026 and 2025 was $35,300,000 and $38,100,000, 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 $92,550,100 and $69,550,100 at March 31, 2026 and 2025, respectively. For the years ended March 31, 2026 and 2025, unamortized bond issuance costs were $286,637 and $452,964, respectively, and were presented net of outstanding borrowings.

The Bonds bear interest at a variable rate set at the Securities Industry and Financial Markets Association (SIFMA) index rate plus 0.711% (3.13% at March 31, 2026) as determined by the remarketing agent (see below) and interest is paid monthly. The average interest rate during 2026 and 2025 was 3.23% and 3.89%, respectively. Interest expense, which included amortization of bond issuance costs, totaled $3,037,961 and $884,138 for 2026 and 2025, 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, 2028, 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, 2026, and 2025, there was no outstanding balance on the line of credit. Interest expense, which included certain legal and commitment fees, totaled $25,347 and $25,417 for 2026 and 2025, respectively.

The Center is subject to certain financial and nonfinancial covenants under the various Bond and line of credit agreements. At March 31, 2026, the Center was in compliance with these covenants.