

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Financial Position

June 30, 2018 and December 31, 2017

| Assets | June 30, 2018 | December 31, 2017 |
|--|--------------------------|------------------------------|
| Cash and cash equivalents | \$ 2,596,963 | 3,050,605 |
| Investments | 361,312 | 366,545 |
| Restricted deposits and funded reserves | 11,335,359 | 11,213,545 |
| Accounts receivable, net | (106,498) | 77,312 |
| Prepaid expenses and other current assets | 348,283 | 406,030 |
| Property and equipment (net of accumulated depreciation of \$45,424,401 and \$42,897,399, respectively) | 121,615,154 | 120,321,497 |
| Assets under capital lease (net of accumulated depreciation of \$14,513 and \$13,058, respectively) | 4,759 | 1,375 |
| Other assets | 2,311,514 | 2,349,498 |
| Total assets | \$ 138,466,847 | 137,786,407 |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Financial Position

June 30, 2018 and December 31, 2017

| Liabilities and Net Assets | June 30, 2018 | December 31, 2017 |
|---|--------------------------|------------------------------|
| Accounts payable | \$ 1,629,143 | 3,418,973 |
| Accrued expenses | 1,188,098 | 1,107,136 |
| Accrued interest | 2,016,713 | 1,885,389 |
| Resident deposits | 656,041 | 647,882 |
| Due to Presbyterian Senior Living | 2,821,037 | 3,179,099 |
| Obligations under capital lease | 4,840 | 1,432 |
| Long-term debt/note to Presbyterian Senior Living | 38,455,522 | 34,135,951 |
| Long-term debt | 32,538,692 | 35,631,781 |
| Total liabilities | <u>79,310,086</u> | <u>80,007,643</u> |
| Net assets: | | |
| Unrestricted | 59,149,914 | 57,771,940 |
| Temporarily restricted | 6,847 | 6,823 |
| Total net assets | <u>59,156,761</u> | <u>57,778,763</u> |
| Total liabilities and net assets | <u>\$ 138,466,847</u> | <u>137,786,407</u> |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Operations and Change in Net Assets

Quarters ended June 30,2018 and year ended December 31, 2017

| | June 30, 2018 | December 31, 2017 |
|--|--------------------------|------------------------------|
| | <hr/> | <hr/> |
| Operating revenues, gains, and other support: | | |
| Resident services | \$ 4,861,872 | 9,499,641 |
| Sales of other services and materials | 2,367 | 12,606 |
| Net rental income and developer's fees | 219,175 | 1,368,700 |
| Interest and dividend income | 27,559 | 61,132 |
| Realized gain on investments | 12,649 | 3,348 |
| Contributions, grants, gifts and bequests | 105,058 | 123,827 |
| Net assets released from restrictions | (24) | 215 |
| | <hr/> | <hr/> |
| Total operating revenues, gains, and other support | 5,228,657 | 11,069,470 |
| | <hr/> | <hr/> |
| Expenses: | | |
| Social services | 254,780 | 466,442 |
| Building operations and maintenance | 2,781,350 | 5,393,896 |
| Housekeeping | 10,791 | 37,768 |
| General and administrative | 1,163,926 | 2,484,647 |
| Employee benefits | 180,391 | 450,843 |
| Interest | 619,011 | 1,134,322 |
| Depreciation | 2,094,133 | 4,067,047 |
| Amortization | 56,091 | 80,331 |
| Fundraising and investment fee | 695 | 1,275 |
| | <hr/> | <hr/> |
| Total expenses | 7,161,168 | 14,116,573 |
| | <hr/> | <hr/> |
| Operating loss | (1,932,511) | (3,047,103) |
| | | |
| Equity received from tax credit limited partner | 3,330,194 | 3,196,000 |
| | <hr/> | <hr/> |
| Deficit of operating revenues, gains and other support | 1,397,683 | 148,897 |
| | | |
| Other changes: | | |
| Unrealized (loss) gain on investment | (19,709) | 30,729 |
| | <hr/> | <hr/> |
| Total other changes | (19,709) | 30,729 |
| | <hr/> | <hr/> |
| Decrease in unrestricted net assets | 1,377,974 | 179,626 |
| | | |
| Temporarily restricted net assets: | | |
| Net assets released from restrictions | 24 | (215) |
| | <hr/> | <hr/> |
| Change in temporarily restricted net assets | 24 | (215) |
| | | |
| Change in net assets | 1,377,998 | 179,411 |
| | | |
| Net assets, beginning of year | 57,778,762 | 57,599,351 |
| | <hr/> | <hr/> |
| Net assets, end of year | \$ 59,156,759 | 57,778,762 |
| | <hr/> | <hr/> |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Combined Statement of Partners' Equity

Quarters ended June 30,2018 and year ended December 31, 2017

| | <u>General Partner</u> | <u>Investor Limited Partner</u> | <u>Special Limited Partner</u> | <u>Total</u> |
|-------------------------------------|----------------------------|---|--|--------------------|
| Partners' equity, December 31, 2017 | \$ 10,226,833 | 47,064,159 | 487,770 | 57,778,762 |
| Contributions | 566,238 | 2,763,969 | - | 3,330,208 |
| Net gain (loss) | <u>477,685</u> | <u>(2,400,179)</u> | <u>(29,716)</u> | <u>(1,952,211)</u> |
| Partners' equity, December 31, 2018 | 11,270,757 | 47,427,949 | 458,054 | 59,156,759 |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statements of Cash Flows

Quarters ended June 30,2018 and year ended December 31, 2017

| | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
|---|--------------------------|------------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,377,998 | 179,411 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 2,094,133 | 4,067,047 |
| Bad debt write-offs | 4,152 | 58,890 |
| Net proceeds from entrance fees and deposits | 8,159 | 49,986 |
| Unrealized loss (gain) on investments | 19,709 | (30,729) |
| Realized gain on investment | (12,649) | (3,348) |
| Amortization of other deferred costs | 53,367 | 80,331 |
| Amortization of deferred financing costs | 25,329 | 19,223 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 179,658 | (77,329) |
| Decrease (increase) in other assets | 39,639 | (80,689) |
| Increase (decrease) in accounts payable | (1,789,831) | 97,587 |
| Increase in accrued expenses | 212,289 | 384,331 |
| | <u>2,211,952</u> | <u>4,744,710</u> |
| Net cash provided by operating activities | | |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment, net of disposals | (3,391,175) | (7,477,678) |
| Net proceeds from investments | <u>(123,641)</u> | <u>(515,228)</u> |
| Net cash used in investing activities | (3,514,815) | (7,992,906) |
| Cash flows from financing activities: | | |
| Principal payments on and redemptions of long-term debt | (2,468,314) | (3,575,157) |
| Proceeds from issuance of long-term debt | 7,505,739 | 6,485,077 |
| Refunding, refinancing, or payoff of long-term debt | (3,833,547) | - |
| Borrowings through capital lease obligations | 4,840 | - |
| Repayments on capital lease obligations | (1,432) | (4,222) |
| Net (decrease) increase in due to | <u>(358,062)</u> | <u>697,308</u> |
| Contributions restricted for long-term purposes | - | - |
| Net cash provided by financing activities | <u>849,223</u> | <u>3,603,006</u> |
| Net (decrease) increase in cash and cash equivalents | (453,640) | 354,810 |
| Cash and cash equivalents, beginning of year | <u>3,050,603</u> | <u>2,695,793</u> |
| Cash and cash equivalents, end of year | <u>\$ 2,596,963</u> | <u>3,050,603</u> |