

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Financial Position

June 30, 2019 and December 31, 2018

| Assets | June 30, 2019 | December 31, 2018 |
|---|--------------------------|------------------------------|
| Cash and cash equivalents | \$ 3,496,920 | 2,432,533 |
| Investments | 343,371 | 329,664 |
| Restricted deposits and funded reserves | 12,329,760 | 12,370,857 |
| Accounts receivable, net | 57,179 | 61,716 |
| Prepaid expenses and other current assets | 451,950 | 394,356 |
| Property and equipment (net of accumulated depreciation \$50,129,442 and \$50,070,312, respectively) | 124,768,623 | 123,024,962 |
| Finance leases (net of accumulated depreciation \$17,986 and \$14,432, respectively) | 10,780 | 12,846 |
| Assets under operating leases | 43,644 | 57,428 |
| Other assets | 2,326,083 | 2,366,497 |
| Total assets | \$ <u>143,828,309</u> | <u>141,050,859</u> |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Financial Position

June 30, 2019 and December 31, 2018

| Liabilities and Net Assets | June 30, 2019 | December 31, 2018 |
|---|-----------------------------|------------------------------|
| | <u> </u> | <u> </u> |
| Accounts payable | \$ 1,896,742 | 1,638,072 |
| Accrued expenses | 1,089,502 | 1,303,103 |
| Accrued interest | 2,279,854 | 2,161,559 |
| Resident deposits | 730,937 | 708,168 |
| Due to Presbyterian Senior Living | 5,379,900 | 3,120,450 |
| Obligations under financing leases | 10,269 | 12,570 |
| Long-term debt/note to Presbyterian Senior Living | 41,184,907 | 40,012,830 |
| Long-term debt | 32,558,490 | 32,607,790 |
| Obligations under operating leases | 43,644 | 57,428 |
| Total liabilities | <u>85,174,245</u> | <u>81,621,970</u> |
| Net assets: | | |
| Without donor restriction (including tax credit equity of \$1,153,080 and \$5,733,195, respectively) | 58,647,282 | 59,422,106 |
| With donor restriction | 6,782 | 6,783 |
| Total net assets | <u>58,654,064</u> | <u>59,428,889</u> |
| Total liabilities and net assets | <u>\$ 143,828,309</u> | <u>141,050,859</u> |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Operations and Change in Net Assets

Quarters ended June 30, 2019 and year ended December 31, 2018

| | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
|---|--------------------------|------------------------------|
| Revenues and other support | | |
| Resident services | | |
| Resident services | \$ 5,294,338 | 9,975,440 |
| Sales of other services and materials | 326 | 9,491 |
| Net rental income and developer's fees | <u>285,245</u> | <u>531,160</u> |
| Total resident services revenue | 5,579,908 | 10,516,091 |
| Contributions, grants, gifts and bequests | 55,290 | 215,157 |
| Net assets released from restrictions | <u>—</u> | <u>40</u> |
| Total revenues and other support | <u>5,635,199</u> | <u>10,731,288</u> |
| Costs of services provided | | |
| Social services | 277,617 | 546,980 |
| Building operations and maintenance | 2,854,495 | 5,620,858 |
| Housekeeping | 4,447 | 25,348 |
| General and administrative | 1,296,087 | 2,551,294 |
| Employee benefits | 192,484 | 389,999 |
| Interest | 670,143 | 1,305,971 |
| Depreciation | 2,280,628 | 4,322,825 |
| Amortization | 41,407 | 95,069 |
| Fundraising and investment fee | <u>630</u> | <u>1,392</u> |
| Total cost of services provided | <u>7,617,938</u> | <u>14,859,736</u> |
| Deficit of revenues and other support over expenses | (1,982,739) | (4,128,447) |
| Other income (expense) | | |
| Investment income, net of investment expense | 44,603 | 91,149 |
| Realized loss on investments | (47) | (13,349) |
| Unrealized gain (loss) on investment | <u>10,278</u> | <u>(32,381)</u> |
| Total other income | <u>54,834</u> | <u>45,419</u> |
| Deficit of revenues, gains and other support over expenses and losses | (1,927,905) | (4,083,029) |
| Net Assets without donor restrictions: | | |
| Deficit of revenues, gains and other support over expenses and losses | (1,927,905) | (4,083,029) |
| Equity received from tax credit limited partner | <u>1,153,080</u> | <u>5,733,195</u> |
| Change in net assets without donor restrictions | <u>(774,825)</u> | <u>1,650,166</u> |
| Net assets with donor restriction: | | |
| Net assets released from restrictions | <u>—</u> | <u>(40)</u> |
| Change in net assets with donor restriction | <u>—</u> | <u>(40)</u> |
| Change in net assets | (774,825) | 1,650,126 |
| Net assets, beginning of year | <u>59,428,889</u> | <u>57,778,763</u> |
| Net assets, end of year | <u>\$ 58,654,064</u> | <u>59,428,889</u> |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Combined Statement of Partners' Equity

Quarters ended June 30, 2019 and year ended December 31, 2018

| | <u>General Partner</u> | <u>Investor Limited Partner</u> | <u>Special Limited Partner</u> | <u>Total</u> |
|-------------------------------------|----------------------------|---|--|--------------------|
| Partners' equity, December 31, 2018 | \$ 11,759,680 | 47,243,164 | 426,045 | 59,428,889 |
| Contributions | (66,767) | 2,719,847 | - | 2,653,080 |
| Net loss | <u>(867,451)</u> | <u>(2,529,249)</u> | <u>(31,205)</u> | <u>(3,427,905)</u> |
| Partners' equity, December 31, 2019 | 10,825,462 | 47,433,762 | 394,840 | 58,654,064 |

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statements of Cash Flows

Quarters ended June 30, 2019 and year ended December 31, 2018

| | <u>June 30,</u> <u>2019</u> | <u>December 31,</u> <u>2018</u> |
|---|--------------------------------|------------------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (774,825) | 1,650,126 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 2,280,628 | 4,322,825 |
| Bad debt write-offs | 1,455 | 34,390 |
| Net proceeds from entrance fees and deposits | 22,769 | 60,286 |
| Unrealized (gain) loss on investments | (10,278) | 32,381 |
| Realized loss on investment | 47 | 13,349 |
| Amortization of other deferred costs | 40,414 | 95,069 |
| Amortization of deferred financing costs | 6,008 | 29,132 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 3,082 | (18,794) |
| Increase in other assets | (57,594) | (100,394) |
| Increase (decrease) in accounts payable | 258,670 | (1,780,901) |
| (Decrease) increase in accrued expenses | (95,305) | 472,136 |
| Net cash provided by operating activities | <u>1,675,070</u> | <u>4,809,606</u> |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment, net of disposals | (4,014,277) | (7,037,761) |
| Net proceeds from investments | <u>37,622</u> | <u>(1,166,161)</u> |
| Net cash used in investing activities | <u>(3,976,655)</u> | <u>(8,203,922)</u> |
| Cash flows from financing activities: | | |
| Principal payments on and redemptions of long-term debt | (453,978) | (2,693,089) |
| Proceeds from issuance of long-term debt | 1,570,747 | 9,712,533 |
| Refunding, refinancing, or payoff of long-term debt | - | (4,195,688) |
| Borrowings through capital lease obligations | - | 14,334 |
| Repayments on finance lease obligations | (2,301) | (3,196) |
| Borrowings through operating lease obligations | 5,838 | - |
| Repayments on operating lease obligations | (13,784) | - |
| Net decrease (increase) in due to | <u>2,259,450</u> | <u>(58,649)</u> |
| Net cash provided by financing activities | <u>3,365,972</u> | <u>2,776,245</u> |
| Net increase (decrease) in cash and cash equivalents | 1,064,386 | (618,072) |
| Cash and cash equivalents, beginning of year | <u>2,432,533</u> | <u>3,050,605</u> |
| Cash and cash equivalents, end of year | <u>\$ 3,496,920</u> | <u>2,432,533</u> |