

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Financial Position

September 30, 2018 and December 31, 2017

Assets	September 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 3,273,326	3,050,605
Investments	368,417	366,545
Restricted deposits and funded reserves	11,252,570	11,213,545
Accounts receivable, net	88,625	77,312
Prepaid expenses and other current assets	748,346	406,030
Property and equipment (net of accumulated depreciation of \$46,314,817 and \$42,897,399, respectively)	123,355,226	120,321,497
Assets under capital lease (net of accumulated depreciation of \$14,755 and \$13,058, respectively)	9,264	1,375
Other assets	2,292,523	2,349,498
Total assets	\$ 141,388,298	137,786,407

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Financial Position

September 30, 2018 and December 31, 2017

Liabilities and Net Assets	September 30, 2018	December 31, 2017
Accounts payable	\$ 2,056,542	3,418,973
Accrued expenses	1,719,180	1,107,136
Accrued interest	2,080,173	1,885,389
Resident deposits	687,317	647,882
Due to Presbyterian Senior Living	3,144,619	3,179,099
Obligations under capital lease	8,955	1,432
Long-term debt/note to Presbyterian Senior Living	40,963,231	34,135,951
Long-term debt	32,492,688	35,631,781
Total liabilities	<u>83,152,706</u>	<u>80,007,643</u>
Net assets:		
Unrestricted	58,228,745	57,771,940
Temporarily restricted	6,847	6,823
Total net assets	<u>58,235,592</u>	<u>57,778,763</u>
Total liabilities and net assets	<u>\$ 141,388,298</u>	<u>137,786,407</u>

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statement of Operations and Change in Net Assets

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Operating revenues, gains, and other support:		
Resident services	\$ 7,374,404	9,499,641
Sales of other services and materials	2,367	12,606
Net rental income and developer's fees	498,749	1,368,700
Interest and dividend income	60,509	61,132
Realized gain on investments	13,512	3,348
Contributions, grants, gifts and bequests	121,056	123,827
Net assets released from restrictions	—	215
Total operating revenues, gains, and other support	<u>8,070,597</u>	<u>11,069,470</u>
Expenses:		
Social services	392,996	466,442
Building operations and maintenance	4,133,757	5,393,896
Housekeeping	16,838	37,768
General and administrative	1,767,264	2,484,646
Employee benefits	286,397	450,843
Interest	964,066	1,134,322
Depreciation	3,044,549	4,067,047
Amortization	75,579	80,331
Fundraising and investment fee	1,043	1,275
Total expenses	<u>10,682,490</u>	<u>14,116,571</u>
Operating loss	(2,611,893)	(3,047,102)
Equity received from tax credit limited partner	<u>3,083,027</u>	<u>3,196,000</u>
Deficit of operating revenues, gains and other support	471,135	148,899
Other changes:		
Unrealized (loss) gain on investment	<u>(14,330)</u>	<u>30,729</u>
Total other changes	<u>(14,330)</u>	<u>30,729</u>
Decrease in unrestricted net assets	456,805	179,628
Temporarily restricted net assets:		
Contributions, gifts and bequests	24	—
Net assets released from restrictions	<u>—</u>	<u>(215)</u>
Change in temporarily restricted net assets	24	(215)
Change in net assets	456,829	179,413
Net assets, beginning of year	<u>57,778,763</u>	<u>57,599,351</u>
Net assets, end of year	<u>\$ 58,235,592</u>	<u>57,778,763</u>

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Combined Statement of Partners' Equity

Quarters ended September 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	2,516,803	-	3,083,041
Net gain (loss)	<u>949,314</u>	<u>(3,531,086)</u>	<u>(44,439)</u>	<u>(2,626,211)</u>
Partners' equity, September 30, 2018	11,742,386	46,049,875	443,331	58,235,592

PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING

Consolidated Statements of Cash Flows

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

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 456,829	179,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,044,549	4,067,047
Bad debt write-offs	15,881	58,890
Net proceeds from entrance fees and deposits	39,435	49,986
Unrealized loss (gain) on investments	14,330	(30,729)
Realized gain on investment	(13,512)	(3,348)
Amortization of other deferred costs	75,579	80,331
Amortization of deferred financing costs	25,609	19,224
Changes in assets and liabilities:		
Increase in accounts receivable	(27,195)	(77,329)
Increase in other assets	(360,920)	(80,689)
(Decrease) increase in accounts payable	(1,362,431)	97,587
Increase in accrued expenses	806,827	384,331
	<hr/>	<hr/>
Net cash provided by operating activities	2,714,980	4,744,712
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(6,086,168)	(7,477,678)
Net proceeds from investments	(41,714)	(515,228)
	<hr/>	<hr/>
Net cash used in investing activities	(6,127,881)	(7,992,906)
Cash flows from financing activities:		
Principal payments on and redemptions of long-term debt	(2,524,410)	(3,575,157)
Proceeds from issuance of long-term debt	11,570,536	6,485,077
Refunding, refinancing, or payoff of long-term debt	(5,383,547)	-
Borrowings through capital lease obligations	9,587	-
Repayments on capital lease obligations	(2,063)	(4,222)
Net (decrease) increase in due to	(34,480)	697,308
	<hr/>	<hr/>
Net cash provided by financing activities	3,635,622	3,603,006
Net increase in cash and cash equivalents	222,721	354,812
Cash and cash equivalents, beginning of year	3,050,605	2,695,793
	<hr/>	<hr/>
Cash and cash equivalents, end of year	\$ 3,273,326	3,050,605
	<hr/>	<hr/>