

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Financial Position

June 30, 2018 and December 31, 2017

Assets	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 4,901,988	4,263,716
Investments	74,506,106	75,967,893
Restricted deposits and funded reserves	23,885,217	23,783,278
Accounts receivable, net	22,094,601	25,072,652
Prepaid expenses and other current assets	4,052,047	3,840,142
Assets whose use is limited	9,503,850	10,314,400
Pledges receivable	331,701	364,903
Assets held for sale	–	229,927
Property and equipment (net of accumulated depreciation of \$343,441,097 and \$330,671,975, respectively)	510,251,818	510,359,708
Assets under capital leases (net of accumulated amortization of \$1,651,606 and \$1,514,784, respectively)	586,691	322,607
Goodwill	3,551,908	3,551,908
Assets held in trust by others	18,583,524	18,910,644
Other assets	626,434	641,444
Total assets	\$ <u>672,875,885</u>	<u>677,623,222</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

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

	June 30, 2018	December 31, 2017
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$8,831,621 and \$16,079,638, respectively	\$ 119,035,707	231,324,956
Sales of other services and materials	171,943	373,909
Net rental income and developers fees	200,174	1,330,697
Interest and dividend income	961,258	2,884,521
Realized gain on investments	176,820	4,019,641
Gain on sale of property and equipment and other assets	1,389	2,901
Contributions, grants, gifts and bequests	306,037	2,295,946
Net assets released from restrictions	363,015	468,855
	121,216,344	242,701,426
Total operating revenues, gains, and other support		
Expenses:		
Nursing services	29,888,904	58,672,314
Rehabilitation	8,900,335	14,822,524
Recreation and special services	3,096,158	6,270,985
Pharmacy	1,865,012	4,123,278
Social services	799,085	1,551,280
Physician services	375,283	729,071
Food services	12,366,105	24,669,981
Building operations and maintenance	16,730,405	32,358,819
Housekeeping	2,071,986	4,734,926
Laundry and linen	570,854	1,296,048
General and administrative	17,574,537	36,536,667
Employee benefits	6,027,846	15,944,724
Interest	4,648,617	8,791,173
Depreciation	13,313,752	25,769,465
Amortization	56,091	80,330
Fundraising and investment fees	232,198	1,137,863
	118,517,167	237,489,448
Total expenses		
Operating income	2,699,176	5,211,978
Equity received from tax credit limited partner	3,171,119	2,147,347
Change in fair value of interest rate swap	5,036	27,084
Loss on discontinued operations	-	(124,057)
Loss on early extinguishment of debt	-	(179,752)
Loss on impairment of asset	(183,807)	-
	5,691,525	7,082,600
Excess of operating revenues, gains and other support over expenses		
Other changes:		
Unrealized gain on investments	1,799,235	4,833,387
	1,799,235	4,833,387
Total other changes		
Increase in net assets without donor restrictions	7,490,760	11,915,987

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

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

	June 30, 2018	December 31, 2017
With donor restrictions		
Contributions, gifts and bequests	157,341	712,748
Interest and dividend income	47,362	107,397
Unrealized (loss) gain on investments	(279,245)	1,455,683
Net assets released from restrictions	<u>(363,015)</u>	<u>(468,855)</u>
Change in net assets with donor restrictions	(437,557)	1,806,973
 Change in net assets	 7,053,202	 13,722,960
 Net assets, beginning of year	 <u>198,626,393</u>	 <u>184,903,433</u>
Net assets, end of year	<u>\$ 205,679,596</u>	<u>198,626,393</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Cash Flows

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

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,053,202	13,722,960
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,313,752	25,769,465
Bad debt write-offs	1,612,062	2,953,570
Proceeds non-refundable from entrance fees and deposits	15,364,758	31,469,313
Amortization of entrance fees	(8,831,621)	(16,079,638)
Loss on early extinguishment of debt	-	179,752
Change in fair value of interest rate swaps	(5,036)	(27,084)
Unrealized gain on investments and change in fair value of funds held in trust by others	(1,519,990)	(6,289,070)
Realized gain on investments	(176,820)	(4,019,641)
Realized gain on sale of property and equipment and other assets	(1,389)	(2,901)
Contributions restricted for long-term purposes	(29,292)	(78,946)
Amortization of other deferred costs	53,367	271,159
Amortization of deferred financing costs	87,455	290,920
Amortization of bond premium	(3,649)	(3,240)
Loss on impairment of asset	183,807	-
Loss on abandoned project	-	124,057
Change in deferred energy costs	(31,176)	(62,352)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,350,207	(2,801,353)
Decrease in entrance fee receivable	15,782	489,527
Decrease in pledges receivable	33,202	102,044
Increase in other assets	(252,986)	(363,376)
Decrease in accounts payable	(2,374,567)	(7,888,156)
(Decrease) increase in accrued expenses	(1,653,997)	68,323
Net cash provided by operating activities	<u>24,187,071</u>	<u>37,825,333</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(13,422,436)	(39,503,815)
Net purchases of investments	<u>4,194,329</u>	<u>16,771,652</u>
Net cash used in investing activities	<u>(9,228,107)</u>	<u>(22,732,163)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(3,808,592)	(8,051,761)
Change in entrance fee payable	(781,299)	(2,401,859)
Principal payments on and redemptions of long-term debt	(9,403,322)	(14,344,080)
Proceeds from issuance of long-term debt	4,300,000	21,959,343
Refunding, refinancing, or payoff of long-term debt	(3,718,522)	(13,855,000)
Redemption of treasury stock	6,320,000	170,125
Financing costs incurred	(119,982)	(284,243)
Net (repayments) borrowings on lines of credit	(7,567,781)	1,787,359
Borrowings through capital leases	631,117	192,621
Repayments on capital leases	(146,437)	(319,433)
Contributions restricted for long-term purposes	29,292	78,946
Decrease in annuities payable	(55,167)	(200,739)
Net cash used in financing activities	<u>(14,320,692)</u>	<u>(15,268,721)</u>
Net increase (decrease) in cash and cash equivalents	638,272	(175,551)
Cash and cash equivalents, beginning of year	<u>4,263,716</u>	<u>4,439,267</u>
Cash and cash equivalents, end of year	<u>\$ 4,901,988</u>	<u>4,263,716</u>