

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Financial Position

March 31, 2018 and December 31, 2017

Assets	March 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 5,501,834	4,263,716
Investments	74,699,815	75,967,893
Restricted deposits and funded reserves	23,717,676	23,783,278
Accounts receivable, net	22,656,851	25,072,652
Prepaid expenses and other current assets	4,936,316	3,840,142
Assets whose use is limited	9,318,383	10,314,400
Pledges receivable	336,781	364,903
Assets held for sale	69,743	229,927
Property and equipment (net of accumulated depreciation of \$336,632,569 and \$330,671,975, respectively)	510,082,698	510,359,708
Assets under capital leases (net of accumulated amortization of \$1,587,417 and \$1,514,784, respectively)	570,631	322,607
Goodwill	3,551,908	3,551,908
Assets held in trust by others	18,666,184	18,910,644
Other assets	623,936	641,444
Total assets	\$ <u>674,732,755</u>	<u>677,623,222</u>

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Consolidated Statements of Financial Position

March 31, 2018 and December 31, 2017

Liabilities and Net Assets	2018	2017
Accounts payable	\$ 10,584,639	9,083,546
Accrued expenses	14,602,415	17,514,674
Lines of credit	20,447,417	20,883,024
Accrued interest	1,666,182	1,507,355
Resident deposits	2,751,810	2,726,696
Entrance fee payable	28,186,539	28,717,389
Deferred revenue - entrance fees	107,685,947	106,359,326
Deferred energy costs	1,124,893	1,140,481
Fair value of interest rate hedges	2,713	5,950
Annuities payable	1,140,490	1,181,507
Obligations on capital leases	578,647	333,317
Long-term debt - senior living	249,818,363	253,927,557
Long-term debt - low income housing	35,029,799	35,616,007
Total liabilities	<u>473,619,855</u>	<u>478,996,829</u>
Net assets:		
Without donor restriction (including tax credit equity of \$68,460,131 and \$68,647,259, respectively)	174,148,837	171,465,762
With donor restriction	<u>26,964,062</u>	<u>27,160,631</u>
Total net assets	<u>201,112,899</u>	<u>198,626,393</u>
Total liabilities and net assets	<u>\$ 674,732,755</u>	<u>677,623,222</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

Quarter ended March 31, 2018 and year ended December 31, 2017

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$4,291,501 and \$16,079,638, respectively	\$ 59,467,539	231,324,956
Sales of other services and materials	80,978	373,909
Net rental income and developers fees	160,330	1,330,697
Interest and dividend income	446,169	2,884,521
Realized gain on investments	218,744	4,019,641
Gain on sale of property and equipment and other assets	689	2,901
Contributions, grants, gifts and bequests	116,178	2,295,946
Net assets released from restrictions	220,852	468,855
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Total operating revenues, gains, and other support	60,711,478	242,701,426
Expenses:		
Nursing services	14,662,536	58,672,314
Rehabilitation	4,419,404	14,822,524
Recreation and special services	1,506,120	6,270,985
Pharmacy	939,669	4,123,278
Social services	382,629	1,551,280
Physician services	181,723	729,071
Food services	6,141,770	24,669,981
Building operations and maintenance	8,575,671	32,358,819
Housekeeping	1,035,828	4,734,926
Laundry and linen	281,643	1,296,048
General and administrative	8,559,226	36,536,667
Employee benefits	3,075,692	15,944,724
Interest	2,239,559	8,791,173
Depreciation	6,590,964	25,769,465
Amortization	29,757	80,330
Fundraising and investment fees	22,673	1,137,863
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Total expenses	58,644,863	237,489,448
Operating income	2,066,614	5,211,978
Equity received from tax credit limited partner	827,021	2,147,347
Change in fair value of interest rate swap	3,236	27,084
Loss on discontinued operations	-	(124,057)
Loss on early extinguishment of debt	-	(179,752)
Loss on impairment of asset	(183,807)	-
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Excess of operating revenues, gains and other support over expenses	2,713,064	7,082,600
Other changes:		
Unrealized (loss) gain on investments	(29,991)	4,833,387
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Total other changes	(29,991)	4,833,387
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Increase in net assets without donor restrictions	2,683,074	11,915,987

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

Quarter ended March 31, 2018 and year ended December 31, 2017

	March 31, 2018	December 31, 2017
With donor restrictions		
Contributions, gifts and bequests	122,792	712,748
Interest and dividend income	37,256	107,397
Unrealized gain on investments	(135,765)	1,455,683
Net assets released from restrictions	<u>(220,852)</u>	<u>(468,855)</u>
Change in net assets with donor restrictions	(196,568)	1,806,973
 Change in net assets	 2,486,506	 13,722,960
 Net assets, beginning of year	 <u>198,626,393</u>	 <u>184,903,433</u>
Net assets, end of year	<u>\$ 201,112,899</u>	<u>198,626,393</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Cash Flows

Quarter ended March 31, 2018 and year ended December 31, 2017

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,486,506	13,722,960
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,590,964	25,769,465
Bad debt write-offs	955,853	2,953,570
Proceeds non-refundable from entrance fees and deposits	7,128,195	31,469,313
Amortization of entrance fees	(4,291,501)	(16,079,638)
Loss on early extinguishment of debt	-	179,752
Change in fair value of interest rate swaps	(3,236)	(27,084)
Unrealized gain on investments and change in fair value of funds held in trust by others	165,756	(6,289,070)
Realized (gain) loss on investments	(218,744)	(4,019,641)
Realized (gain) loss on sale of property and equipment and other assets	(689)	(2,901)
Contributions restricted for long-term purposes	(29,292)	(78,946)
Amortization of other deferred costs	28,395	271,159
Amortization of deferred financing costs	24,831	290,920
Amortization of bond premium	(851)	(3,240)
Loss on impairment of asset	183,807	-
Loss on abandoned project	-	124,057
Change in deferred energy costs	(15,588)	(62,352)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,772,241	(2,801,353)
(Increase) decrease in entrance fee receivable	(306,248)	489,527
Decrease in pledges receivable	28,122	102,044
(Increase) decrease in other assets	(1,108,422)	(363,376)
Increase (decrease) in accounts payable	1,501,093	(7,888,156)
(Decrease) increase in accrued expenses	(2,753,432)	68,323
Net cash provided by operating activities	<u>12,137,758</u>	<u>37,825,333</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(6,584,912)	(39,503,815)
Net purchases of investments	<u>2,627,146</u>	<u>16,771,652</u>
Net cash used in investing activities	<u>(3,957,766)</u>	<u>(22,732,163)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,484,958)	(8,051,761)
Change in entrance fee payable	(530,850)	(2,401,859)
Principal payments on and redemptions of long-term debt	(4,715,718)	(14,344,080)
Proceeds from issuance of long-term debt	4,300,000	21,959,343
Refunding, refinancing, or payoff of long-term debt	(4,295,688)	(13,855,000)
Purchase of treasury stock	-	170,125
Financing costs incurred	(12,658)	(284,243)
Net (repayments) borrowings on lines of credit	(435,607)	1,787,359
Borrowings through capital leases	320,656	192,621
Repayments on capital leases	(75,326)	(319,433)
Contributions restricted for long-term purposes	29,292	78,946
Decrease in annuities payable	(41,017)	(200,739)
Net cash used in financing activities	<u>(6,941,874)</u>	<u>(15,268,721)</u>
Net increase (decrease) in cash and cash equivalents	1,238,118	(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><u>5,501,834</u></u>	<u><u>4,263,716</u></u>