

## PRESBYTERIAN SENIOR LIVING

### Consolidated Statements of Financial Position

September 30, 2018 and December 31, 2017

<b>Assets</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents	\$ 4,960,507	4,263,716
Investments	76,520,530	75,967,893
Restricted deposits and funded reserves	24,061,939	23,783,278
Accounts receivable, net	20,463,161	25,072,652
Prepaid expenses and other current assets	6,019,980	3,840,142
Assets whose use is limited	10,156,264	10,314,400
Pledges receivable	326,917	364,903
Assets held for sale	–	229,927
Property and equipment (net of accumulated depreciation of \$350,033,305 and \$330,671,975, respectively)	513,202,118	510,359,708
Assets under capital leases (net of accumulated amortization of \$1,747,114 and \$1,514,784, respectively)	827,235	322,607
Goodwill	3,551,908	3,551,908
Assets held in trust by others	18,986,058	18,910,644
Other assets	608,471	641,444
Total assets	<u>\$ 679,685,089</u>	<u>677,623,222</u>



**PRESBYTERIAN SENIOR LIVING**

Consolidated Statements of Operations and Changes in Net Assets

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
	<u>2018</u>	<u>2017</u>
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$13,130,661 and \$16,079,638, respectively	\$ 178,531,265	231,324,956
Sales of other services and materials	251,355	373,909
Net rental income and developers fees	470,247	1,330,697
Interest and dividend income	1,431,407	2,884,521
Realized gain on investments	343,551	4,019,641
(Loss) gain on sale of property and equipment and other assets	(174,714)	2,901
Contributions, grants, gifts and bequests	631,091	2,295,946
Net assets released from restrictions	442,892	468,855
	<u>181,927,092</u>	<u>242,701,426</u>
Total operating revenues, gains, and other support		
Expenses:		
Nursing services	45,146,155	58,672,314
Rehabilitation	13,257,753	14,822,524
Recreation and special services	4,639,773	6,270,985
Pharmacy	2,564,001	4,123,278
Social services	1,210,564	1,551,280
Physician services	561,072	729,071
Food services	18,728,406	24,669,981
Building operations and maintenance	25,096,745	32,358,819
Housekeeping	3,111,030	4,734,926
Laundry and linen	884,973	1,296,048
General and administrative	27,110,715	36,536,667
Employee benefits	9,065,643	15,944,724
Interest	7,096,378	8,791,173
Depreciation	20,130,921	25,769,465
Amortization	75,579	80,330
Fundraising and investment fees	446,892	1,137,863
	<u>179,126,601</u>	<u>237,489,448</u>
Total expenses		
Operating income	2,800,492	5,211,978
Equity received from tax credit limited partner	2,923,953	2,147,347
Change in fair value of interest rate swap	5,857	27,084
Loss on discontinued operations	-	(124,057)
Loss on early extinguishment of debt	-	(179,752)
	<u>5,730,302</u>	<u>7,082,600</u>
Excess of operating revenues, gains and other support over expenses		
Other changes:		
Unrealized gain on investments	4,209,698	4,833,387
	<u>4,209,698</u>	<u>4,833,387</u>
Total other changes		
Increase in net assets without donor restrictions	9,940,000	11,915,987

**PRESBYTERIAN SENIOR LIVING**

Consolidated Statements of Operations and Changes in Net Assets

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
With donor restrictions		
Contributions, gifts and bequests	363,716	712,748
Interest and dividend income	109,591	107,397
Unrealized gain on investments	66,561	1,455,683
Net assets released from restrictions	<u>(442,892)</u>	<u>(468,855)</u>
Change in net assets with donor restrictions	96,976	1,806,973
 Change in net assets	 10,036,976	 13,722,960
 Net assets, beginning of year	 <u>198,626,393</u>	 <u>184,903,433</u>
Net assets, end of year	<u>\$ 208,663,368</u>	<u>198,626,393</u>

**PRESBYTERIAN SENIOR LIVING**

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	\$ 10,036,976	13,722,960
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,130,921	25,769,465
Bad debt write-offs	2,292,443	2,953,570
Proceeds non-refundable from entrance fees and deposits	22,991,103	31,469,313
Amortization of entrance fees	(13,130,661)	(16,079,638)
Loss on early extinguishment of debt	-	179,752
Change in fair value of interest rate swaps	(5,857)	(27,084)
Unrealized gain on investments and change in fair value of funds held in trust by others	(4,276,259)	(6,289,070)
Realized gain on investments	(343,551)	(4,019,641)
Realized loss (gain) on sale of property and equipment and other assets	174,714	(2,901)
Contributions restricted for long-term purposes	(29,292)	(78,946)
Amortization of other deferred costs	75,579	271,159
Amortization of deferred financing costs	178,265	290,920
Amortization of bond premium	(10,340)	(3,240)
Loss on abandoned project	-	124,057
Change in deferred energy costs	(46,764)	(62,352)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	456,197	(2,801,353)
Decrease in entrance fee receivable	1,860,851	489,527
Decrease in pledges receivable	37,986	102,044
Increase in other assets	(2,222,445)	(363,376)
Decrease in accounts payable	(1,865,521)	(7,888,156)
(Decrease) increase in accrued expenses	(1,218,235)	68,323
Net cash provided by operating activities	<u>35,086,109</u>	<u>37,825,333</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(23,422,746)	(39,503,815)
Net purchases of investments	<u>3,871,233</u>	<u>16,771,652</u>
Net cash used in investing activities	<u>(19,551,513)</u>	<u>(22,732,163)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(5,752,658)	(8,051,761)
Change in entrance fee payable	(1,770,038)	(2,401,859)
Principal payments on and redemptions of long-term debt	(12,839,624)	(14,344,080)
Proceeds from issuance of long-term debt	9,554,558	21,959,343
Refunding, refinancing, or payoff of long-term debt	(8,195,688)	(13,855,000)
Redemption of treasury stock	6,320,000	170,125
Financing costs incurred	(159,099)	(284,243)
Net (repayments) borrowings on lines of credit	(2,515,856)	1,787,359
Borrowings through capital leases	729,326	192,621
Repayments on capital leases	(159,137)	(319,433)
Contributions restricted for long-term purposes	29,292	78,946
Decrease in annuities payable	(78,884)	(200,739)
Net cash used in financing activities	<u>(14,837,806)</u>	<u>(15,268,721)</u>
Net increase (decrease) in cash and cash equivalents	696,791	(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>\$ 4,960,507</u>	<u>4,263,716</u>