

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Financial Position

September 30, 2019 and December 31, 2018

Assets	September 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 10,400,933	3,759,797
Investments	73,030,170	73,861,688
Restricted deposits and funded reserves	25,728,222	28,518,903
Accounts receivable, net	18,925,748	20,305,572
Prepaid expenses and other current assets	6,584,402	3,949,379
Assets whose use is limited	7,516,743	8,936,613
Assets whose use is limited, construction funds held by trustee	19,633,443	25,737,965
Promises to give, net	482,706	380,613
Assets held for sale	—	10,000
Property and equipment (net of accumulated depreciation of \$378,121,586 and \$357,692,916 respectively)	517,788,109	516,896,332
Assets under capital leases (net of accumulated amortization of \$2,171,792 and \$1,835,502, respectively)	1,027,795	896,630
Assets under operating leases	3,432,083	3,598,927
Goodwill	3,339,957	3,551,908
Assets held in trust by others	18,370,630	17,388,344
Other assets	608,666	672,031
Total assets	\$ <u>706,869,607</u>	<u>708,464,702</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Revenues and other support:		
Resident services	168,862,426	220,991,751
Amortization of entrance fees	13,451,635	17,963,456
Implicit price concession	(1,705,079)	(2,575,991)
Total resident services	<u>180,608,982</u>	<u>236,379,216</u>
Sales of other services and materials	90,380	354,867
Net rental income and developers fees	479,848	493,157
Contributions, grants, gifts and bequests	766,947	904,182
Net assets released from restrictions	<u>612,618</u>	<u>1,002,817</u>
Revenues and other support	182,558,775	239,134,239
Cost of services provided:		
Nursing services	46,080,117	60,361,669
Rehabilitation	12,819,569	17,680,682
Recreation and special services	4,809,417	6,293,347
Pharmacy	2,746,853	3,475,633
Social services	1,247,189	1,626,183
Physician services	620,293	753,900
Food services	19,312,364	25,185,820
Building operations and maintenance	25,789,540	33,621,437
Housekeeping	3,140,221	4,179,006
Laundry and linen	964,117	1,189,883
General and administrative	24,787,560	35,196,233
Employee benefits	10,479,248	11,682,369
Interest	7,321,174	9,600,983
Depreciation	21,339,539	27,382,443
Amortization	273,416	95,069
Fundraising	<u>554,332</u>	<u>556,180</u>
Total cost of services provided	<u>182,284,950</u>	<u>238,880,837</u>
Excess of revenues and other support over expenses	273,825	253,402
Other income (expenses):		
Investment income, net of investment expense	1,404,300	2,581,386
Realized gain (loss) on investments	1,465,698	(2,861,915)
Unrealized gain on investments	3,218,093	1,290,869
Gain (loss) on sale of property and equipment and other assets	<u>102,845</u>	<u>(21,665)</u>
Total other income	6,190,937	988,675
Excess of operating revenues, gains and other support over expenses	6,464,762	1,242,077
Equity received from tax credit limited partner	1,057,565	5,371,843
Change in fair value of interest rate swap	-	5,950
Loss on early extinguishment of debt	-	(122,288)
Loss on impairment of asset	<u>-</u>	<u>(384,945)</u>
Change in net assets without donor restrictions	7,522,327	6,112,637

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
With donor restrictions		
Contributions, gifts and bequests	972,737	931,511
Interest and dividend income	91,833	154,709
Unrealized gain (loss) on investments	1,045,061	(1,692,125)
Net assets released from restrictions	<u>(612,618)</u>	<u>(1,002,817)</u>
Change in net assets with donor restrictions	1,497,013	(1,608,722)
Change in net assets	9,019,340	4,503,915
Net assets, beginning of year	<u>203,130,308</u>	<u>198,626,393</u>
Net assets, end of year	<u>\$ 212,149,648</u>	<u>203,130,308</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Cash Flows

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

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 9,019,340	4,503,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,339,539	27,382,443
Bad debt write-offs	1,495,905	3,269,081
Proceeds non-refundable from entrance fees and deposits	21,707,150	29,952,254
Amortization of entrance fees	(13,451,635)	(17,963,456)
Loss on early extinguishment of debt	-	122,288
Change in fair value of interest rate swaps	-	(5,950)
Unrealized (gain) loss on investments and change in fair value of funds held in trust by others	(4,263,154)	401,256
Realized (gain) loss on investments	(1,465,698)	2,861,915
Realized (gain) loss on sale of property and equipment and other assets	(102,845)	21,665
Contributions restricted for long-term purposes	(7,000)	(156,494)
Amortization of other deferred costs	59,975	95,069
Amortization of deferred financing costs	175,611	231,173
Amortization of bond premium	(20,071)	(17,030)
Amortization of goodwill	211,951	-
Loss on impairment of asset	-	384,945
Loss on abandoned project	-	-
Change in deferred energy costs	(46,764)	(62,352)
Repayments on operating leases	(203,257)	-
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,093,167	(825,195)
(Increase) decrease in entrance fee receivable	(1,209,248)	2,323,194
Increase in pledges receivable	(102,093)	(15,710)
Increase in other assets	(2,631,634)	(234,893)
(Decrease) increase in accounts payable	(3,390,660)	2,327,208
Decrease in accrued expenses	(212,630)	(575,962)
Net cash provided by operating activities	<u>27,995,947</u>	<u>54,019,364</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(22,082,792)	(34,679,773)
Net sales of investments	<u>15,893,158</u>	<u>18,087,476</u>
Net cash provided by (used in) investing activities	<u>(6,189,634)</u>	<u>(16,592,297)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(4,934,262)	(7,690,772)
Change in entrance fee payable	(80,510)	(2,428,994)
Principal payments on and redemptions of long-term debt	(10,790,741)	(14,592,453)
Proceeds from issuance of long-term debt	1,916,174	41,765,620
Refunding, refinancing, or payoff of long-term debt	50,000	(13,284,591)
Redemption of treasury stock	-	6,197,712
Financing costs incurred	(32,250)	(401,839)
Net repayments on lines of credit	(1,407,068)	(1,364,226)
Borrowings through capital leases	400,568	898,069
Repayments on capital leases	(327,935)	(257,421)
Borrowing through operating leases	36,414	-
Contributions restricted for long-term purposes	7,000	156,494
Decrease in annuities payable	(2,568)	(110,640)
Net cash (used in) provided by financing activities	<u>(15,165,177)</u>	<u>8,886,959</u>
Net increase in cash and cash equivalents	6,641,136	46,314,026
Cash, cash equivalents, and restricted cash, beginning of year		
Unrestricted	7,285,644	6,982,469
Restricted	<u>65,090,211</u>	<u>19,079,360</u>
	72,375,855	26,061,829
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	10,400,933	7,285,644
Restricted	<u>68,616,058</u>	<u>65,090,211</u>
	<u>\$ 79,016,991</u>	<u>72,375,855</u>