

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

April 30, 2019 and December 31, 2018

| <b>Assets</b>   | <b>April 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|---------------------------|------------------------------|
| Cash and cash equivalents   | \$ 522,215                | 154,733                      |
| Investments   | 1,000,000                 | 1,000,000                    |
| Restricted deposits and funded reserves   | 2,019,746                 | 1,733,278                    |
| Accounts receivable, net  | 513,544                   | 779,960                      |
| Prepaid expenses and other current assets   | 144,680                   | 216,326                      |
| Assets whose use is limited   | 683,775                   | 663,697                      |
| Promises to give, net   | 6,400                     | 4,000                        |
| Property and equipment (net of accumulated depreciation of<br>\$37,685,544 and \$36,956,504 respectively) | 27,729,852                | 28,077,997                   |
| Financing leases (net of accumulated depreciation of<br>\$97,809 and \$93,022 respectively)               | 32,309                    | 37,095                       |
| Assets under operating leases   | <u>95,850</u>             | <u>110,050</u>               |
| Total assets  | <u>\$ 32,748,370</u>      | <u>32,777,136</u>            |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

April 30, 2019 and December 31, 2018

| <b>Liabilities and Net Liabilities</b> | <b>April 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|--|---------------------------|------------------------------|
| Accounts payable                       | \$ 319,185                | 1,030,864                    |
| Accrued expenses                       | 527,891                   | 488,161                      |
| Resident deposits                      | 40,942                    | 63,230                       |
| Entrance fee payable                   | 14,359,659                | 14,125,107                   |
| Deferred revenue – entrance fees       | 4,332,069                 | 4,504,911                    |
| Annuities payable                      | 23,957                    | 25,263                       |
| Obligations under financing leases     | 32,822                    | 37,421                       |
| Obligations under operating lease      | 95,850                    | 110,050                      |
| Long-term debt                         | 11,926,938                | 12,153,286                   |
| Due to affiliated entities             | 23,591,269                | 23,290,524                   |
| Total liabilities                      | <u>55,250,583</u>         | <u>55,828,817</u>            |
| Net liabilities:                       |                           |                              |
| Without donor restriction              | (23,188,382)              | (23,727,936)                 |
| With donor restriction                 | 686,170                   | 676,255                      |
| Total net liabilities                  | <u>(22,502,213)</u>       | <u>(23,051,681)</u>          |
| Total liabilities and net liabilities  | <u>\$ 32,748,370</u>      | <u>32,777,136</u>            |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Consolidated Statements of Operations and Changes in Net Assets (Liabilities)

Months ended April 30, 2019 and year ended December 31, 2018

|   | <u>April 30,</u><br><u>2019</u> | <u>December 31,</u><br><u>2018</u> |
|---|---------------------------------|------------------------------------|
| Revenues and other support:   |                                 |                                    |
| Resident services   |                                 |                                    |
| Resident services   | \$ 4,639,237                    | 13,822,007                         |
| Amortization of entrance fees                                       | 274,367                         | 918,089                            |
| Implicit price concession   | (659)                           | (13,118)                           |
| Total resident services   | <u>4,912,946</u>                | <u>14,726,978</u>                  |
| Gifts and bequests  | 1,159                           | 2,031                              |
| Net assets released from restrictions                               | -                               | 4,951                              |
| Total revenues and other support                                    | <u>4,914,105</u>                | <u>14,733,960</u>                  |
| Cost of services provided   |                                 |                                    |
| Nursing services  | 806,743                         | 2,324,037                          |
| Rehabilitation  | 225,637                         | 631,824                            |
| Recreation and special services                                     | 154,004                         | 500,804                            |
| Pharmacy  | 29,409                          | 95,856                             |
| Social services   | 23,424                          | 69,657                             |
| Physician services  | 8,333                           | 25,000                             |
| Food services   | 693,523                         | 2,097,179                          |
| Building operations and maintenance                                 | 882,559                         | 2,360,881                          |
| Housekeeping  | 113,652                         | 314,761                            |
| Laundry and linen   | 20,615                          | 59,695                             |
| General and administrative  | 621,307                         | 2,000,439                          |
| Employee benefits   | 174,448                         | 503,339                            |
| Depreciation  | 733,827                         | 2,160,519                          |
| Interest  | 174,269                         | 548,861                            |
| Fundraising   | 13,675                          | 51,089                             |
| Total cost of services provided                                     | <u>4,675,424</u>                | <u>13,743,941</u>                  |
| Excess of revenues and other support over expenses                  | 238,681                         | 990,019                            |
| Other income (expense)  |                                 |                                    |
| Investment income, net of investment expense                        | 11,660                          | 71,397                             |
| Realized (loss) gain on investments                                 | (19,529)                        | 10,945                             |
| Unrealized gain (loss) on investments                               | 308,742                         | (328,954)                          |
| Total other income (expense)  | <u>300,873</u>                  | <u>(246,612)</u>                   |
| Excess of revenue, gains and other support over expenses and losses | 539,553                         | 743,407                            |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Consolidated Statements of Operations and Changes in Net Assets (Liabilities)

Months ended April 30, 2019 and year ended December 31, 2018

|   | <b>April 30,<br/>2019</b> | <b>December 31,<br/>2018</b> |
|---|---------------------------|------------------------------|
| Net assets without donor restrictions:                              |                           |                              |
| Excess of revenue, gains and other support over expenses and losses | <u>539,553</u>            | <u>743,407</u>               |
| Change in net assets without donor restrictions                     | 539,553                   | 743,407                      |
| Net assets with donor restrictions:                                 |                           |                              |
| Contributions, grants and bequests                                  | 3,456                     | 31,998                       |
| Investment income   | 6,459                     | 24,859                       |
| Net assets released from restrictions                               | <u>—</u>                  | <u>(4,951)</u>               |
| Change in net assets with donor restrictions                        | <u>9,915</u>              | <u>51,906</u>                |
| Change in net assets  | 549,468                   | 795,313                      |
| Net liabilities, beginning of year                                  | <u>(23,051,681)</u>       | <u>(23,846,994)</u>          |
| Net liabilities, end of year  | <u>\$ (22,502,213)</u>    | <u>(23,051,681)</u>          |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Cash Flows

Months ended April 30, 2019 and year ended December 31, 2018

|  | <u>April 30,</u><br><u>2019</u> | <u>December 31,</u><br><u>2018</u> |
|--|---------------------------------|------------------------------------|
| Cash flows from operating activities:  |                                 |                                    |
| Change in net assets   | \$ 549,468                      | 795,313                            |
| Adjustments to reconcile change in net liabilities to net cash provided by operating activities: |                                 |                                    |
| Depreciation   | 733,827                         | 2,160,519                          |
| Provision for bad debt   | 10,099                          | 11,108                             |
| Proceeds from refundable entrance fees and deposits  | 980,019                         | 3,290,342                          |
| Amortization of entrance fees  | (274,367)                       | (918,089)                          |
| Unrealized (gain) loss on investments  | (308,742)                       | 328,954                            |
| Realized loss (gain) on investments  | 19,529                          | (10,945)                           |
| Amortization on deferred financing costs   | 5,382                           | 16,146                             |
| Change in assets and liabilities:  |                                 |                                    |
| Accounts receivable  | 163,018                         | (149,544)                          |
| Entrance fees receivable   | 93,299                          | 158,731                            |
| Promise to give  | (2,400)                         | (4,000)                            |
| Prepaid expenses and other current assets  | 71,646                          | (14,364)                           |
| Accounts payable   | (711,679)                       | 648,542                            |
| Accrued expenses and deferred revenue other  | 39,730                          | (14,321)                           |
| Net cash provided by operating activities  | <u>1,368,830</u>                | <u>6,298,392</u>                   |
| Cash flows from investing activities:  |                                 |                                    |
| Acquisition of property and equipment  | (366,695)                       | (1,480,026)                        |
| Net (purchase of) proceeds from the sale of investments  | <u>(24,617)</u>                 | <u>328,962</u>                     |
| Net cash used in investing activities  | (391,312)                       | (1,151,064)                        |
| Cash flows from financing activities:  |                                 |                                    |
| Refunds of entrance fees and deposits  | (900,782)                       | (2,363,326)                        |
| Change in entrance fee payable   | 234,552                         | (65,694)                           |
| Principal payments on long-term debt   | (231,730)                       | (673,371)                          |
| Borrowings under financing leases  | —                               | 43,078                             |
| Repayments on financing lease obligations  | (4,599)                         | (11,028)                           |
| Repayments on operating lease obligations  | (14,200)                        | —                                  |
| Change in annuities payable  | (1,306)                         | (2,225)                            |
| Change in due to affiliated entity   | 300,745                         | (1,590,518)                        |
| Net cash used in financing activities  | <u>(617,321)</u>                | <u>(4,663,084)</u>                 |
| Net increase in cash and cash equivalents  | 360,197                         | 484,244                            |
| Cash, cash equivalents and restricted cash, beginning of year                                    | 934,629                         | 450,385                            |
| Cash, cash equivalents and restricted cash, end of year  |                                 |                                    |
| Unrestricted   | 522,215                         | 154,733                            |
| Restricted   | 772,611                         | 779,896                            |
| Cash and cash equivalents, end of year   | \$ <u><u>1,294,826</u></u>      | <u><u>934,629</u></u>              |