

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

August 31, 2018 and December 31, 2017

Assets	August 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 36,953	74,754
Investments	1,100,000	1,100,000
Restricted deposits and funded reserves	1,890,900	1,779,683
Accounts receivable, net	762,905	800,255
Prepaid expenses and other current assets	322,463	201,962
Assets whose use is limited	740,958	759,998
Property and equipment (net of accumulated depreciation of \$36,218,975 and \$34,807,129 respectively)	28,290,553	28,790,424
Assets under capital leases (net of accumulated depreciation of \$87,039 and \$81,878, respectively)	—	5,161
Total assets	\$ <u>33,144,732</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

August 31, 2018 and December 31, 2017

Liabilities and Net Liabilities	August 31, 2018	December 31, 2017
Accounts payable	\$ 393,952	382,322
Accrued expenses	374,771	502,482
Resident deposits	42,986	36,260
Entrance fee payable	14,111,574	14,190,801
Deferred revenue – entrance fees	4,492,589	4,522,954
Annuities payable	27,027	27,488
Obligations under capital lease	41,456	5,371
Long-term debt	12,375,014	12,810,511
Due to affiliated entities	24,105,450	24,881,042
Total liabilities	<u>55,964,818</u>	<u>57,359,231</u>
Net liabilities:		
Without donor restriction	(23,455,198)	(24,468,652)
With donor restriction	635,112	621,658
Total net liabilities	<u>(22,820,086)</u>	<u>(23,846,994)</u>
Total liabilities and net liabilities	<u>\$ 33,144,732</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Periods ended August 31, 2018 and year ended December 31, 2017

	August 31, 2018	December 31, 2017
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$629,780 and \$987,162, respectively	\$ 9,755,099	13,682,559
Interest and dividend income	23,299	93,866
Realized gain on investments	7,256	302,719
Gifts and bequests	5,157	52,386
Net assets released from restrictions	-	8,275
	9,790,811	14,139,805
Expenses:		
Nursing services	1,500,755	2,346,649
Rehabilitation	407,412	560,086
Recreation and special services	322,670	446,177
Pharmacy	55,088	125,858
Social services	46,163	64,247
Physician services	16,667	25,000
Food services	1,299,908	1,859,847
Building operations and maintenance	1,564,366	2,315,917
Housekeeping	197,705	333,866
Laundry and linen	39,871	51,344
General and administrative	1,268,780	2,139,667
Employee benefits	325,011	657,288
Interest	368,346	539,642
Depreciation	1,417,008	2,075,984
Fundraising and investment fee	25,518	45,769
	8,855,268	13,587,341
Income from continuing operations	935,543	552,464
Loss on early extinguishment of debt	-	(179,752)
Excess of operating revenues, gains and other support over expenses	935,543	372,712
Other changes:		
Unrealized gain on investments	77,912	50,564
	77,912	50,564
Change in net liabilities without donor restrictions	1,013,455	423,276

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Periods ended August 31, 2018 and year ended December 31, 2017

	August 31, 2018	December 31, 2017
	<u> </u>	<u> </u>
Net assets with donor restrictions:		
Contributions, grants and bequests	1,051	1,658
Interest and dividend income	12,403	18,383
Net assets released from restrictions	—	(8,275)
	<u> </u>	<u> </u>
Change in net assets with donor restrictions	13,453	11,766
	<u> </u>	<u> </u>
Change in net assets	1,026,908	435,042
	<u> </u>	<u> </u>
Net liabilities, beginning of year	(23,846,994)	(24,282,036)
	<u> </u>	<u> </u>
Net liabilities, end of year	\$ (22,820,086)	(23,846,994)
	<u> </u>	<u> </u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Cash Flows

Periods ended August 31, 2018 and year ended December 31, 2017

	August 31, 2018	December 31, 2017
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Cash flows from operating activities:		
Change in net assets	\$ 1,026,908	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	1,417,008	2,075,984
Provision for bad debt	6,948	43,912
Proceeds from refundable entrance fees and deposits	1,985,740	4,866,554
Amortization of entrance fees	(629,780)	(987,162)
Loss on extinguishment of debt	—	179,752
Unrealized gain on investments	(77,912)	(50,564)
Realized gain on investments	(7,256)	(302,719)
Amortization on deferred financing costs	10,764	16,167
Change in assets and liabilities:		
Accounts receivable	24,784	82,499
Entrance fees receivable	5,619	(11,801)
Prepaid expenses and other current assets	(120,501)	35,082
Accounts payable	11,630	(237,600)
Accrued expenses and deferred revenue other	(127,711)	15,621
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Net cash provided by operating activities	3,526,240	6,160,767
Cash flows from investing activities:		
Acquisition of property and equipment	(911,976)	(2,016,325)
Net proceeds from investments	(7,009)	1,025,870
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Net cash used in investing activities	(918,985)	(990,455)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,379,599)	(3,565,790)
Change in entrance fee payable	(79,227)	(785,788)
Principal payments on long-term debt	(446,261)	(440,137)
Proceeds on the issuance of bonds	—	13,400,000
Refunding, refinancing or payoff of long-term debt	—	(13,855,000)
Borrowings under capital leases	43,078	-
Repayments on capital lease obligations	(6,994)	(15,844)
Change in annuities payable	(461)	(1,206)
Due to affiliated entity	(775,592)	112,879
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Net cash used in financing activities	(2,645,056)	(5,312,348)
Net decrease in cash and cash equivalents	(37,801)	(142,036)
Cash and cash equivalents, beginning of year	<hr/>	<hr/>
	74,754	216,790
Cash and cash equivalents, end of year	\$ <hr/>	<hr/>
	36,953	74,754