

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Consolidated Statements of Financial Position

December 31, 2018 and 2017

Assets	2018	2017
Cash and cash equivalents	\$ 154,733	74,754
Investments	1,000,000	1,100,000
Restricted deposits and funded reserves	1,733,278	1,779,683
Accounts receivable, net	779,960	800,255
Prepaid expenses and other current assets	216,326	201,962
Assets whose use is limited	663,697	759,998
Pledges receivable	4,000	-
Property and equipment (net of accumulated depreciation of \$36,956,503 and \$34,807,129, respectively)	28,077,997	28,790,424
Assets under capital leases (net of accumulated amortization of \$93,022 and \$81,878, respectively)	37,095	5,161
Total assets	<u>\$ 32,667,086</u>	<u>33,512,237</u>

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Consolidated Statements of Financial Position

December 31, 2018 and 2017

Liabilities and Net Liabilities	2018	2017
Accounts payable	\$ 1,030,864	382,322
Accrued expenses	488,161	502,482
Resident deposits	63,230	36,260
Entrance fees payable	14,125,107	14,190,801
Deferred revenue – entrance fees	4,504,911	4,522,954
Annuities payable	25,263	27,488
Obligations under capital leases	37,421	5,371
Long-term debt	12,153,286	12,810,511
Due to affiliated entity	23,290,524	24,881,042
Total liabilities	<u>55,718,767</u>	<u>57,359,231</u>
Net assets (liabilities):		
Without donor restriction	(23,727,936)	(24,468,653)
With donor restriction	676,255	621,659
Total net liabilities	<u>(23,051,681)</u>	<u>(23,846,994)</u>
Total liabilities and net liabilities	<u>\$ 32,667,086</u>	<u>33,512,237</u>

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues and other support:		
Resident services, including amortization of entrance fees of \$918,089 and \$987,162, respectively	\$ 14,740,096	13,682,559
Gifts and bequests	2,031	52,386
Net assets released from restrictions	2,261	8,274
	<u>14,744,388</u>	<u>13,743,219</u>
Total revenues and other support		
Cost of services provided:		
Nursing services	2,324,037	2,346,649
Rehabilitation	631,824	560,086
Recreation and special services	500,804	446,177
Pharmacy	95,856	125,858
Social services	69,657	64,247
Physician services	25,000	25,000
Food services	2,097,179	1,859,847
Building operations and maintenance	2,360,881	2,315,917
Housekeeping	314,761	333,866
Laundry and linen	59,695	51,344
General and administrative	2,013,557	2,139,667
Employee benefits	503,339	657,288
Interest	548,861	539,642
Depreciation	2,160,519	2,075,984
Fundraising	51,089	35,618
	<u>13,757,059</u>	<u>13,577,190</u>
Total cost of services provided		
Excess of revenues and other support over expenses	987,329	166,029
Other income (expense):		
Investment income, net of investment expense	71,397	83,715
Realized gain on investments	10,945	302,719
Unrealized (loss) gain on investments	(328,954)	50,564
Loss on early extinguishment of debt	-	(179,752)
	<u>(246,612)</u>	<u>257,246</u>
Total other income (expense)		
Excess of revenues, gains and other support over expenses and losses	<u>740,717</u>	<u>423,275</u>

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Net liabilities without donor restrictions:		
Excess of revenue, gains and other support over expenses and losses	740,717	423,275
Change in net liabilities without donor restrictions	740,717	423,275
Net assets with donor restrictions:		
Contributions, grants and bequests	31,998	1,658
Investment income	24,859	18,383
Net assets released from restrictions	(2,261)	(8,274)
Change in net assets with donor restrictions	54,596	11,767
Change in net liabilities	795,313	435,042
Net liabilities, beginning of year	(23,846,994)	(24,282,036)
Net liabilities, end of year	\$ (23,051,681)	(23,846,994)

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net liabilities	\$ 795,313	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	2,160,519	2,075,984
Provision for bad debts	11,108	43,912
Proceeds from non-refundable entrance fees and deposits	3,290,342	4,866,554
Amortization of entrance fees	(918,089)	(987,162)
Loss on early extinguishment of debt	—	179,752
Unrealized loss (gain) on investments	328,954	(50,564)
Realized gain on investments	(10,945)	(302,719)
Amortization of deferred financing costs	16,146	16,167
Change in assets and liabilities:		
Accounts receivable	(149,544)	82,499
Entrance fees receivable	158,731	(11,801)
Pledges receivable	(4,000)	—
Prepaid expenses and other current assets	(14,364)	35,082
Accounts payable	648,542	(237,600)
Accrued expenses	(14,321)	15,621
Net cash provided by operating activities	<u>6,298,392</u>	<u>6,160,767</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(1,480,026)	(2,016,325)
Purchases of investments	(1,802,359)	(8,475,106)
Proceeds from sale of investments	<u>1,727,056</u>	<u>9,500,976</u>
Net cash used in investing activities	<u>(1,555,329)</u>	<u>(990,455)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(2,363,326)	(3,565,790)
Change in entrance fee payable	(65,694)	(785,788)
Principal payments and redemptions of bonds	(673,371)	(440,137)
Proceeds on the issuance of long-term debt	—	13,400,000
Refunding, refinancing or payoff of long-term debt	—	(13,855,000)
Financing cost incurred	—	(161,462)
Borrowings through capital lease obligations	43,078	—
Repayments on capital lease obligations	(11,028)	(15,844)
Change in annuities payable	(2,225)	(1,206)
Change in due to affiliated entity	<u>(1,590,518)</u>	<u>112,879</u>
Net cash used in financing activities	<u>(4,663,084)</u>	<u>(5,312,348)</u>
Net increase (decrease) in cash and cash equivalents	79,979	(142,036)
Cash and cash equivalents, beginning of year	<u>74,754</u>	<u>216,790</u>
Cash and cash equivalents, end of year	\$ <u>154,733</u>	<u>74,754</u>

See accompanying notes to consolidated financial statements.