

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

July 31, 2018 and December 31, 2017

<b>Assets</b>	<b>July 31, 2018</b>	<b>December 31, 2017</b>
Cash and cash equivalents	\$ 59,623	74,754
Investments	1,100,000	1,100,000
Restricted deposits and funded reserves	1,850,973	1,779,683
Accounts receivable, net	681,593	800,255
Prepaid expenses and other current assets	347,773	201,962
Assets whose use is limited	740,693	759,998
Property and equipment (net of accumulated depreciation of \$36,040,975 and \$34,807,129 respectively)	28,292,182	28,790,424
Assets under capital leases (net of accumulated depreciation of \$87,039 and \$81,878, respectively)	—	5,161
Total assets	\$ <u>33,072,836</u>	<u>33,512,237</u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

July 31, 2018 and December 31, 2017

<b>Liabilities and Net Liabilities</b>	<b>July 31, 2018</b>	<b>December 31, 2017</b>
Accounts payable	\$ 531,975	382,322
Accrued expenses	371,998	502,482
Resident deposits	58,707	36,260
Entrance fee payable	14,280,886	14,190,801
Deferred revenue – entrance fees	4,460,659	4,522,954
Annuities payable	27,027	27,488
Obligations under capital lease	—	5,371
Long-term debt	12,429,227	12,810,511
Due to affiliated entities	23,896,536	24,881,042
<b>Total liabilities</b>	<b>56,057,015</b>	<b>57,359,231</b>
Net liabilities:		
Without donor restriction	(23,619,290)	(24,468,652)
With donor restriction	635,112	621,658
<b>Total net liabilities</b>	<b>(22,984,179)</b>	<b>(23,846,994)</b>
<b>Total liabilities and net liabilities</b>	<b>\$ 33,072,836</b>	<b>33,512,237</b>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

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

	<b>July 31, 2018</b>	<b>December 31, 2017</b>
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Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$517,862 and \$987,162, respectively	\$ 8,495,742	13,682,559
Interest and dividend income	20,629	93,866
Realized gain on investments	7,256	302,719
Gifts and bequests	23,381	52,386
Net assets released from restrictions	–	5,584
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Total operating revenues, gains, and other support	8,547,007	14,137,114
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Expenses:		
Nursing services	1,302,882	2,346,649
Rehabilitation	351,585	560,086
Recreation and special services	281,589	446,177
Pharmacy	57,037	125,858
Social services	40,296	64,247
Physician services	16,667	25,000
Food services	1,145,313	1,859,847
Building operations and maintenance	1,371,805	2,315,917
Housekeeping	166,853	333,866
Laundry and linen	32,933	51,344
General and administrative	1,099,789	2,139,667
Employee benefits	286,870	657,288
Interest	322,179	539,642
Depreciation	1,239,008	2,075,984
Fundraising and investment fee	22,532	45,769
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Total expenses	7,737,336	13,587,341
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Income from continuing operations	809,671	549,773
Loss on early extinguishment of debt	–	(179,752)
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Excess of operating revenues, gains and other support over expenses	809,671	370,021
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Other changes:		
Unrealized gain on investments	39,691	50,564
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Total other changes	39,691	50,564
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Change in net liabilities without donor restrictions	849,362	420,585

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

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

	<b>July 31, 2018</b>	<b>December 31, 2017</b>
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	—	(5,584)
Change in net assets with donor restrictions	<u>13,453</u>	<u>14,457</u>
Change in net assets	862,815	435,042
Net liabilities, beginning of year	<u>(23,846,994)</u>	<u>(24,282,036)</u>
Net liabilities, end of year	<u><u>\$ (22,984,179)</u></u>	<u><u>(23,846,994)</u></u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Cash Flows

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

	<b>July 31, 2018</b>	<b>December 31, 2017</b>
Cash flows from operating activities:		
Change in net assets	\$ 862,815	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	1,239,008	2,075,984
Provision for bad debt	6,059	43,912
Proceeds from refundable entrance fees and deposits	1,585,095	4,866,554
Amortization of entrance fees	(517,862)	(987,162)
Loss on extinguishment of debt	—	179,752
Unrealized gain on investments	(39,691)	(50,564)
Realized gain on investments	(7,256)	(302,719)
Amortization on deferred financing costs	9,419	16,167
Change in assets and liabilities:		
Accounts receivable	3,336	82,499
Entrance fees receivable	109,268	(11,801)
Prepaid expenses and other current assets	(145,811)	35,082
Accounts payable	149,653	(237,600)
Accrued expenses and deferred revenue other	(130,484)	15,621
Net cash provided by operating activities	3,123,548	6,160,767
Cash flows from investing activities:		
Acquisition of property and equipment	(735,604)	(2,016,325)
Net proceeds from investments	(5,038)	1,025,870
Net cash used in investing activities	(740,642)	(990,455)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,107,081)	(3,565,790)
Change in entrance fee payable	90,085	(785,788)
Principal payments on long-term debt	(390,703)	(440,137)
Proceeds on the issuance of bonds	—	13,400,000
Refunding, refinancing or payoff of long-term debt	—	(13,855,000)
Financing costs incurred	—	(161,462)
Repayments on capital lease obligations	(5,371)	(15,844)
Change in annuities payable	(461)	(1,206)
Due to affiliated entity	(984,506)	112,879
Net cash used in financing activities	(2,398,037)	(5,312,348)
Net decrease in cash and cash equivalents	(15,131)	(142,036)
Cash and cash equivalents, beginning of year	74,754	216,790
Cash and cash equivalents, end of year	\$ 59,623	74,754