

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

June 30, 2018 and December 31, 2017

Assets	June 30, 2018	December 31, 2017
Cash and cash equivalents	\$ 186,918	74,754
Investments	1,100,000	1,100,000
Restricted deposits and funded reserves	1,796,060	1,779,683
Accounts receivable, net	1,119,482	800,255
Prepaid expenses and other current assets	47,250	201,962
Assets whose use is limited	726,556	759,998
Property and equipment (net of accumulated depreciation of \$35,864,111 and \$34,807,129 respectively)	28,349,547	28,790,424
Assets under capital leases (net of accumulated depreciation of \$87,039 and \$81,878, respectively)	—	5,161
Total assets	\$ <u>33,325,813</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

June 30, 2018 and December 31, 2017

Liabilities and Net Liabilities	June 30, 2018	December 31, 2017
Accounts payable	\$ 261,835	382,322
Accrued expenses	343,845	502,482
Resident deposits	40,839	36,260
Entrance fee payable	14,599,527	14,190,801
Deferred revenue – entrance fees	4,518,845	4,522,954
Annuities payable	27,154	27,488
Obligations under capital lease	(0)	5,371
Long-term debt	12,484,699	12,810,511
Due to affiliated entities	24,189,485	24,881,042
Total liabilities	<u>56,466,230</u>	<u>57,359,231</u>
Net liabilities:		
Without donor restriction	(23,775,528)	(24,471,343)
With donor restriction	635,112	624,349
Total net liabilities	<u>(23,140,416)</u>	<u>(23,846,994)</u>
Total liabilities and net liabilities	<u>\$ 33,325,813</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Quarters ended June 30, 2018 and year ended December 31, 2017

	June 30, 2018	December 31, 2017
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$464,534 and \$987,162, respectively	\$ 7,241,855	13,682,559
Interest and dividend income	16,605	93,866
Realized gain on investments	7,256	302,719
Gifts and bequests	(27,599)	52,386
Net assets released from restrictions	2,691	5,584
	7,240,807	14,137,114
Total operating revenues, gains, and other support		
Expenses:		
Nursing services	1,114,781	2,346,649
Rehabilitation	293,258	560,086
Recreation and special services	234,636	446,177
Pharmacy	50,445	125,858
Social services	34,440	64,247
Physician services	14,583	25,000
Food services	984,593	1,859,847
Building operations and maintenance	1,186,916	2,315,917
Housekeeping	141,750	333,866
Laundry and linen	27,892	51,344
General and administrative	852,615	2,139,667
Employee benefits	225,042	657,288
Interest	275,808	539,642
Depreciation	1,062,143	2,075,984
Fundraising and investment fee	19,377	45,769
	6,518,279	13,587,341
Total expenses		
Income from continuing operations	722,528	549,773
Loss on early extinguishment of debt	—	(179,752)
	722,528	370,021
Excess of operating revenues, gains and other support over expenses		
Other changes:		
Unrealized (loss) gain on investments	(26,713)	50,564
	(26,713)	50,564
Total other changes		
Change in net liabilities without donor restrictions	695,815	420,585

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Quarters ended June 30, 2018 and year ended December 31, 2017

	June 30, 2018	December 31, 2017
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	<u>(2,691)</u>	<u>(5,584)</u>
Change in net assets with donor restrictions	<u>10,763</u>	<u>14,457</u>
Change in net assets	706,578	435,042
Net liabilities, beginning of year	<u>(23,846,994)</u>	<u>(24,282,036)</u>
Net liabilities, end of year	<u><u>\$ (23,140,416)</u></u>	<u><u>(23,846,994)</u></u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Cash Flows

Quarters ended June 30, 2018 and year ended December 31, 2017

	June 30, 2018	December 31, 2017
Cash flows from operating activities:		
Change in net assets	\$ 706,578	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	1,062,143	2,075,984
Provision for bad debt	5,226	43,912
Proceeds from refundable entrance fees and deposits	1,199,460	4,866,554
Amortization of entrance fees	(464,534)	(987,162)
Loss on extinguishment of debt	—	179,752
Unrealized loss (gain) on investments	26,713	(50,564)
Realized gain on investments	(7,256)	(302,719)
Amortization on deferred financing costs	8,073	16,167
Change in assets and liabilities:		
Accounts receivable	62,937	82,499
Entrance fees receivable	(387,390)	(11,801)
Prepaid expenses and other current assets	154,712	35,082
Accounts payable	(120,487)	(237,600)
Accrued expenses and deferred revenue other	(158,637)	15,621
Net cash provided by operating activities	2,087,538	6,160,767
Cash flows from investing activities:		
Acquisition of property and equipment	(616,105)	(2,016,325)
Net proceeds from investments	(2,392)	1,025,870
Net cash used in investing activities	(618,497)	(990,455)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(734,455)	(3,565,790)
Change in entrance fee payable	408,726	(785,788)
Principal payments on long-term debt	(333,885)	(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	(334)	(1,206)
Due to affiliated entity	(691,557)	112,879
Net cash used in financing activities	(1,356,876)	(5,312,348)
Net increase (decrease) in cash and cash equivalents	112,164	(142,036)
Cash and cash equivalents, beginning of year	74,754	216,790
Cash and cash equivalents, end of year	\$ 186,918	74,754