

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

March 31, 2018 and December 31, 2017

Assets	March 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 43,121	74,754
Investments	1,100,000	1,100,000
Restricted deposits and funded reserves	1,758,400	1,779,683
Accounts receivable, net	645,245	800,255
Prepaid expenses and other current assets	135,277	201,962
Assets whose use is limited	748,947	759,998
Property and equipment (net of accumulated depreciation of \$35,333,380 and \$34,807,129 respectively)	28,445,529	28,790,424
Assets under capital leases (net of accumulated depreciation of \$85,749 and \$81,878, respectively)	1,290	5,161
Total assets	\$ <u>32,877,810</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

March 31, 2018 and December 31, 2017

Liabilities and Net Liabilities	March 31, 2018	December 31, 2017
Accounts payable	\$ 276,711	382,322
Accrued expenses	295,115	502,482
Resident deposits	49,422	36,260
Entrance fee payable	14,167,873	14,190,801
Deferred revenue – entrance fees	4,434,876	4,522,954
Annuities payable	26,309	27,488
Obligations under capital lease	1,347	5,371
Long-term debt	12,647,021	12,810,511
Due to affiliated entities	24,526,982	24,881,042
Total liabilities	<u>56,425,655</u>	<u>57,359,231</u>
Net liabilities:		
Without donor restriction	(24,178,462)	(24,471,343)
With donor restriction	630,617	624,349
Total net liabilities	<u>(23,547,845)</u>	<u>(23,846,994)</u>
Total liabilities and net liabilities	<u>\$ 32,877,810</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Quarter ended March 31, 2018 and year ended December 31, 2017

	March 31, 2018	December 31, 2017
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$249,298 and \$987,162, respectively	\$ 3,614,471	13,682,559
Interest and dividend income	6,766	93,866
Realized (loss) gain on investments	(12,379)	302,719
Gifts and bequests	3,860	52,386
Net assets released from restrictions	–	5,584
	3,612,718	14,137,114
Expenses:		
Nursing services	542,165	2,346,649
Rehabilitation	136,264	560,086
Recreation and special services	108,007	446,177
Pharmacy	31,835	125,858
Social services	17,213	64,247
Physician services	8,333	25,000
Food services	475,526	1,859,847
Building operations and maintenance	628,420	2,315,917
Housekeeping	72,464	333,866
Laundry and linen	13,348	51,344
General and administrative	466,020	2,139,667
Employee benefits	113,856	657,288
Interest	136,161	539,642
Depreciation	530,122	2,075,984
Fundraising and investment fee	9,929	45,769
	3,289,664	13,587,341
Income from continuing operations	323,054	549,773
Loss on early extinguishment of debt	–	(179,752)
Excess of operating revenues, gains and other support over expenses	323,054	370,021
Other changes:		
Unrealized (loss) gain on investments	(30,173)	50,564
Total other changes	(30,173)	50,564
Change in net liabilities without donor restrictions	292,881	420,585

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Quarter ended March 31, 2018 and year ended December 31, 2017

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Net assets with donor restrictions:		
Contributions, grants and bequests	100	1,658
Interest and dividend income	6,168	18,383
Net assets released from restrictions	-	(5,584)
	<u>6,268</u>	<u>14,457</u>
Change in net assets with donor restrictions		
	6,268	14,457
Change in net assets	299,149	435,042
Net liabilities, beginning of year	<u>(23,846,994)</u>	<u>(24,282,036)</u>
Net liabilities, end of year	<u>\$ (23,547,845)</u>	<u>(23,846,994)</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Cash Flows

Quarter ended March 31, 2018 and year ended December 31, 2017

	March 31, 2018	December 31, 2017
	<u> </u>	<u> </u>
Cash flows from operating activities:		
Change in net assets	\$ 299,149	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	530,122	2,075,984
Provision for bad debt	2,727	43,912
Proceeds from refundable entrance fees and deposits	450,911	4,866,554
Amortization of entrance fees	(249,298)	(987,162)
Loss on extinguishment of debt	—	179,752
Unrealized loss (gain) on investments	30,173	(50,564)
Realized loss (gain) on investments	12,379	(302,719)
Amortization on deferred financing costs	4,037	16,167
Change in assets and liabilities:		
Accounts receivable	42,913	82,499
Entrance fees receivable	109,370	(11,801)
Prepaid expenses and other current assets	66,685	35,082
Accounts payable	(105,611)	(237,600)
Accrued expenses and deferred revenue other	(207,367)	15,621
Net cash provided by operating activities	<u>986,189</u>	<u>6,160,767</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(181,356)	(2,016,325)
Net proceeds from investments	(10,219)	1,025,870
Net cash used in investing activities	<u>(191,575)</u>	<u>(990,455)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(276,529)	(3,565,790)
Change in entrance fee payable	(22,928)	(785,788)
Principal payments on long-term debt	(167,527)	(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	(4,024)	(15,844)
Change in annuities payable	(1,179)	(1,206)
Due to affiliated entity	(354,060)	112,879
Net cash used in financing activities	<u>(826,247)</u>	<u>(5,312,348)</u>
Net decrease in cash and cash equivalents	(31,633)	(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>\$ 43,121</u>	<u>74,754</u>