

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

May 31, 2019 and December 31, 2018

Assets	May 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 315,459	154,733
Investments	1,000,000	1,000,000
Restricted deposits and funded reserves	1,945,875	1,733,278
Accounts receivable, net	520,797	779,960
Prepaid expenses and other current assets	113,826	216,326
Assets whose use is limited	685,697	663,697
Promises to give, net	6,400	4,000
Property and equipment (net of accumulated depreciation of \$37,866,242 and \$36,956,504 respectively)	27,642,680	28,077,997
Financing leases (net of accumulated depreciation of \$99,005 and \$93,022 respectively)	31,112	37,095
Assets under operating leases	<u>92,300</u>	<u>110,050</u>
Total assets	<u>\$ 32,354,146</u>	<u>32,777,136</u>

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Statements of Financial Position

May 31, 2019 and December 31, 2018

Liabilities and Net Liabilities	May 31, 2019	December 31, 2018
Accounts payable	\$ 168,784	1,030,864
Accrued expenses	607,339	488,161
Resident deposits	43,162	63,230
Entrance fee payable	14,353,852	14,125,107
Deferred revenue – entrance fees	4,278,914	4,504,911
Annuities payable	25,894	25,263
Obligations under financing leases	31,662	37,421
Obligations under operating lease	92,300	110,050
Long-term debt	11,869,491	12,153,286
Due to affiliated entities	23,290,612	23,290,524
Total liabilities	<u>54,762,009</u>	<u>55,828,817</u>
Net liabilities:		
Without donor restriction	(23,094,033)	(23,727,936)
With donor restriction	686,170	676,255
Total net liabilities	<u>(22,407,863)</u>	<u>(23,051,681)</u>
Total liabilities and net liabilities	<u>\$ 32,354,146</u>	<u>32,777,136</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Months ended May 31, 2019 and year ended December 31, 2018

	<u>May 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Revenues and other support:		
Resident services		
Resident services	\$ 5,836,357	13,822,007
Amortization of entrance fees	368,117	918,089
Implicit price concession	(1,260)	(13,118)
Total resident services	<u>6,203,214</u>	<u>14,726,978</u>
Gifts and bequests	18,960	2,031
Net assets released from restrictions	—	4,951
Total revenues and other support	<u>6,222,174</u>	<u>14,733,960</u>
Cost of services provided		
Nursing services	1,019,832	2,324,037
Rehabilitation	286,098	631,824
Recreation and special services	202,497	500,804
Pharmacy	36,667	95,856
Social services	29,935	69,657
Physician services	10,417	25,000
Food services	876,830	2,097,179
Building operations and maintenance	1,065,882	2,360,881
Housekeeping	141,945	314,761
Laundry and linen	26,254	59,695
General and administrative	747,685	2,000,439
Employee benefits	218,428	503,339
Depreciation	915,722	2,160,519
Interest	218,712	548,861
Fundraising	16,647	51,089
Total cost of services provided	<u>5,813,551</u>	<u>13,743,941</u>
Excess of revenues and other support over expenses	408,623	990,019
Other income (expense)		
Investment income, net of investment expense	16,082	71,397
Realized (loss) gain on investments	(19,529)	10,945
Unrealized gain (loss) on investments	228,727	(328,954)
Total other income (expense)	<u>225,280</u>	<u>(246,612)</u>
Excess of revenue, gains and other support over expenses and losses	633,903	743,407

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Months ended May 31, 2019 and year ended December 31, 2018

	May 31, 2019	December 31, 2018
Net assets without donor restrictions:		
Excess of revenue, gains and other support over expenses and losses	<u>633,903</u>	<u>743,407</u>
Change in net assets without donor restrictions	633,903	743,407
Net assets with donor restrictions:		
Contributions, grants and bequests	3,456	31,998
Investment income	6,459	24,859
Net assets released from restrictions	<u>—</u>	<u>(4,951)</u>
Change in net assets with donor restrictions	<u>9,915</u>	<u>51,906</u>
Change in net assets	643,818	795,313
Net liabilities, beginning of year	<u>(23,051,681)</u>	<u>(23,846,994)</u>
Net liabilities, end of year	<u>\$ (22,407,863)</u>	<u>(23,051,681)</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Cash Flows

Months ended May 31, 2019 and year ended December 31, 2018

	<u>May 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 643,818	795,313
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	915,722	2,160,519
Provision for bad debt	11,533	11,108
Proceeds from refundable entrance fees and deposits	1,065,241	3,290,342
Amortization of entrance fees	(368,117)	(918,089)
Unrealized (gain) loss on investments	(228,727)	328,954
Realized loss (gain) on investments	19,529	(10,945)
Amortization on deferred financing costs	6,728	16,146
Repayments on operating lease obligations	(17,750)	—
Change in assets and liabilities:		
Accounts receivable	181,331	(149,544)
Entrance fees receivable	66,299	158,731
Promise to give	(2,400)	(4,000)
Prepaid expenses and other current assets	102,500	(14,364)
Accounts payable	(862,080)	648,542
Accrued expenses and deferred revenue other	119,178	(14,321)
Net cash provided by operating activities	<u>1,652,804</u>	<u>6,298,392</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(456,671)	(1,480,026)
Net (purchase of) proceeds from the sale of investments	<u>(32,684)</u>	<u>328,962</u>
Net cash used in investing activities	(489,355)	(1,151,064)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(943,190)	(2,363,326)
Change in entrance fee payable	228,745	(65,694)
Principal payments on long-term debt	(290,523)	(673,371)
Borrowings under financing leases	—	43,078
Repayments on financing lease obligations	(5,759)	(11,028)
Change in annuities payable	631	(2,225)
Change in due to affiliated entity	88	(1,590,518)
Net cash used in financing activities	<u>(1,010,008)</u>	<u>(4,663,084)</u>
Net increase in cash and cash equivalents	153,441	484,244
Cash, cash equivalents and restricted cash, beginning of year	934,629	450,385
Cash, cash equivalents and restricted cash, end of year		
Unrestricted	315,459	154,733
Restricted	772,611	779,896
Cash and cash equivalents, end of year	\$ <u><u>1,088,070</u></u>	<u><u>934,629</u></u>