

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

November 30, 2020 and December 31, 2019

| <b>Assets</b>   | <b>November 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|------------------------------|------------------------------|
| Cash and cash equivalents   | \$ 1,041,764                 | 537,221                      |
| Investments   | 1,000,000                    | 1,000,000                    |
| Restricted deposits and funded reserves   | 2,448,333                    | 2,208,365                    |
| Accounts receivable, net  | 902,520                      | 1,164,724                    |
| Prepaid expenses and other current assets   | 266,514                      | 264,736                      |
| Assets whose use is limited   | 730,595                      | 778,682                      |
| Assets whose use is limited, capital assets   | 3,989,861                    | —                            |
| Promises to give, net   | 3,400                        | 1,000                        |
| Property and equipment (net of accumulated depreciation of<br>\$41,256,342 and \$39,183,624 respectively) | 26,323,680                   | 27,428,298                   |
| Financing leases (net of accumulated depreciation of<br>\$33,505 and \$20,342 respectively)               | 9,573                        | 22,736                       |
| Assets under operating leases   | <u>36,026</u>                | <u>76,486</u>                |
| Total assets  | <u>\$ 36,752,267</u>         | <u>33,482,248</u>            |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

November 30, 2020 and December 31, 2019

| <b>Liabilities and Net Liabilities</b> | <b>November 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|------------------------------|------------------------------|
| Accounts payable                       | \$ 786,646                   | 760,670                      |
| Accrued expenses                       | 811,102                      | 519,201                      |
| Resident deposits                      | 130,840                      | 65,267                       |
| Entrance fee payable                   | 13,615,809                   | 14,777,610                   |
| Deferred revenue - other               | 6,285                        | —                            |
| Deferred revenue – entrance fees       | 4,256,283                    | 4,429,982                    |
| Annuities payable                      | 21,508                       | 25,173                       |
| Obligations under financing leases     | 10,057                       | 23,425                       |
| Obligations under operating lease      | 36,026                       | 76,486                       |
| Long-term debt                         | 14,695,326                   | 11,467,176                   |
| Due to affiliated entities             | 24,156,913                   | 22,967,668                   |
| Total liabilities                      | <u>58,526,795</u>            | <u>55,112,658</u>            |
| Net liabilities:                       |                              |                              |
| Without donor restriction              | (22,545,341)                 | (22,355,928)                 |
| With donor restriction                 | 770,812                      | 725,518                      |
| Total net liabilities                  | <u>(21,774,528)</u>          | <u>(21,630,410)</u>          |
| Total liabilities and net liabilities  | <u>\$ 36,752,267</u>         | <u>33,482,248</u>            |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

Periods ended November 30, 2020 and year ended December 31, 2019

|   | <u>November 30,</u><br><u>2020</u> | <u>December 31,</u><br><u>2019</u> |
|---|------------------------------------|------------------------------------|
| Revenues and other support:   |                                    |                                    |
| Resident services   |                                    |                                    |
| Resident services   | \$ 11,752,429                      | 14,203,978                         |
| Amortization of entrance fees   | 858,799                            | 869,859                            |
| Implicit price concession   | <u>(108,563)</u>                   | <u>(25,714)</u>                    |
| Total resident services   | 12,502,665                         | 15,048,123                         |
| Gifts and bequests  | 31,151                             | 3,297                              |
| Government stimulus funding   | 472,979                            | -                                  |
| Net assets released from restriction-Paycheck Protection grant                | 1,000,900                          | -                                  |
| Net assets released from restrictions   | <u>500</u>                         | <u>6,518</u>                       |
| Total revenues and other support  | <u>14,008,195</u>                  | <u>15,057,938</u>                  |
| Cost of services provided   |                                    |                                    |
| Nursing services  | 2,280,955                          | 2,504,737                          |
| Rehabilitation  | 659,287                            | 707,066                            |
| Recreation and special services   | 340,837                            | 519,844                            |
| Pharmacy  | 64,143                             | 101,451                            |
| Social services   | 66,655                             | 71,166                             |
| Physician services  | 22,917                             | 25,000                             |
| Food services   | 1,976,160                          | 2,139,128                          |
| Building operations and maintenance   | 2,354,039                          | 2,468,938                          |
| Housekeeping  | 298,997                            | 360,250                            |
| Laundry and linen   | 53,683                             | 63,979                             |
| General and administrative  | 2,267,071                          | 1,915,299                          |
| Employee benefits   | 571,613                            | 555,262                            |
| Depreciation  | 2,085,881                          | 2,241,480                          |
| Interest  | 525,954                            | 519,723                            |
| Fundraising   | <u>38,590</u>                      | <u>51,771</u>                      |
| Total cost of services provided   | <u>13,606,781</u>                  | <u>14,245,094</u>                  |
| Excess of revenues and other support over expenses                            | 401,413                            | 812,844                            |
| Other (expense) income  |                                    |                                    |
| Investment income, net of investment expense                                  | 32,431                             | 113,030                            |
| Realized (loss) gain on investments   | (86,013)                           | 17,526                             |
| Unusual non-recurring expenses - COVID-19                                     | (756,676)                          | -                                  |
| Unrealized gain on investments  | <u>219,432</u>                     | <u>428,608</u>                     |
| Total other (expense) income  | <u>(590,826)</u>                   | <u>559,164</u>                     |
| (Deficit) excess of revenue, gains and other support over expenses and losses | <u>(189,413)</u>                   | <u>1,372,008</u>                   |
| Change in net assets without donor restrictions                               | <u>(189,413)</u>                   | <u>1,372,008</u>                   |

See accompanying notes to consolidated financial statements.

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

Periods ended November 30, 2020 and year ended December 31, 2019

|   | <b>November 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|---|------------------------------|------------------------------|
| Net assets without donor restrictions:  |                              |                              |
| (Deficit) excess of revenue, gains and other support over expenses and losses | (189,413)                    | 1,372,008                    |
| Change in net assets without donor restrictions                               | (189,413)                    | 1,372,008                    |
| Net assets with donor restrictions:   |                              |                              |
| Contributions, grants and bequests  | 1,025,563                    | 29,228                       |
| Investment income, net of investment expense                                  | 21,131                       | 26,553                       |
| Net assets released from restriction-Paycheck Protection grant                | (1,000,900)                  | -                            |
| Net assets released from restrictions   | (500)                        | (6,518)                      |
| Change in net assets with donor restrictions                                  | 45,295                       | 49,263                       |
| Change in net assets  | (144,118)                    | 1,421,271                    |
| Net liabilities, beginning of year  | (21,630,410)                 | (23,051,681)                 |
| Net liabilities, end of year  | \$ (21,774,528)              | (21,630,410)                 |

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Cash Flows

Periods ended November 30, 2020 and year ended December 31, 2019

|  | <b>November 30,<br/>2020</b> | <b>December 31,<br/>2019</b> |
|--|------------------------------|------------------------------|
|  | <u>                    </u>  | <u>                    </u>  |
| Cash flows from operating activities:  |                              |                              |
| Change in net assets   | \$ (144,118)                 | 1,421,271                    |
| Adjustments to reconcile change in net liabilities to net cash provided by operating activities: |                              |                              |
| Depreciation   | 2,085,881                    | 2,241,480                    |
| Provision for implicit price concession and bad debt   | 268,199                      | 30,533                       |
| Proceeds from refundable entrance fees and deposits  | 3,088,550                    | 3,027,804                    |
| Amortization of entrance fees  | (858,799)                    | (869,859)                    |
| Unrealized gain on investments   | (219,432)                    | (428,608)                    |
| Realized loss (gain) on investments  | 86,013                       | (17,526)                     |
| Amortization on deferred financing costs   | 19,737                       | 16,146                       |
| Change in assets and liabilities:  |                              |                              |
| Accounts receivable  | (212,367)                    | (133,101)                    |
| Entrance fees receivable   | 206,372                      | (282,196)                    |
| Promise to give  | (2,400)                      | 3,000                        |
| Prepaid expenses and other current assets  | (1,778)                      | (48,410)                     |
| Accounts payable   | 25,976                       | (270,194)                    |
| Accrued expenses and deferred revenue other  | 298,186                      | 31,040                       |
|  | <u>                    </u>  | <u>                    </u>  |
| Net cash provided by operating activities  | 4,640,019                    | 4,721,380                    |
| Cash flows from investing activities:  |                              |                              |
| Acquisition of property and equipment  | (968,100)                    | (1,577,422)                  |
| Net purchase of investments  | (4,048,324)                  | (799,089)                    |
|  | <u>                    </u>  | <u>                    </u>  |
| Net cash used in investing activities  | (5,016,424)                  | (2,376,511)                  |
| Cash flows from financing activities:  |                              |                              |
| Refunds of entrance fees and deposits  | (2,337,877)                  | (2,230,837)                  |
| Change in entrance fee payable   | (1,161,801)                  | 652,503                      |
| Principal payments on long-term debt   | (732,365)                    | (702,256)                    |
| Proceeds on the issuance of debt   | 4,000,000                    | —                            |
| Financing costs incurred   | (59,222)                     | —                            |
| Repayments on financing lease obligations  | (13,368)                     | (13,996)                     |
| Change in annuities payable  | (3,665)                      | (90)                         |
| Change in due to affiliated entity   | 1,189,245                    | (322,856)                    |
|  | <u>                    </u>  | <u>                    </u>  |
| Net cash provided by (used in) financing activities  | 880,947                      | (2,617,532)                  |
| Net increase (decrease) in cash and cash equivalents   | 504,543                      | (272,663)                    |
| Cash, cash equivalents and restricted cash, beginning of year                                    | 661,966                      | 934,629                      |
| Cash, cash equivalents and restricted cash, end of year  |                              |                              |
| Unrestricted   | 1,041,764                    | 537,221                      |
| Restricted   | 124,745                      | 124,745                      |
|  | <u>                    </u>  | <u>                    </u>  |
| Cash and cash equivalents, end of year   | \$ <u>1,166,509</u>          | <u>661,966</u>               |