

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

October 31, 2018 and December 30, 2017

Assets	October 31, 2018	December 30, 2017
Cash and cash equivalents	\$ 40,449	74,754
Investments	1,100,000	1,100,000
Restricted deposits and funded reserves	1,738,393	1,779,683
Accounts receivable, net	596,551	800,255
Prepaid expenses and other current assets	268,380	201,962
Assets whose use is limited	702,326	759,998
Property and equipment (net of accumulated depreciation of \$36,580,512 and \$34,807,129 respectively)	28,070,690	28,790,424
Assets under capital leases (net of accumulated depreciation of \$90,629 and \$81,878, respectively)	39,488	5,161
Total assets	\$ <u>32,556,278</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Financial Position

October 31, 2018 and December 30, 2017

Liabilities and Net Liabilities	October 31, 2018	December 30, 2017
Accounts payable	\$ 601,442	382,322
Accrued expenses	505,163	502,482
Resident deposits	63,997	36,260
Entrance fee payable	14,066,741	14,190,801
Deferred revenue – entrance fees	4,416,226	4,522,954
Annuities payable	26,315	27,488
Obligations under capital lease	39,696	5,371
Long-term debt	12,264,555	12,810,511
Due to affiliated entities	23,463,767	24,881,042
Total liabilities	<u>55,447,902</u>	<u>57,359,231</u>
Net liabilities:		
Without donor restriction	(23,530,902)	(24,468,653)
With donor restriction	639,278	621,659
Total net liabilities	<u>(22,891,625)</u>	<u>(23,846,994)</u>
Total liabilities and net liabilities	<u>\$ 32,556,278</u>	<u>33,512,237</u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Periods ended October 31, 2018 and year ended December 30, 2017

	October 31, 2018	December 30, 2017
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$780,123 and \$987,162, respectively	\$ 12,214,844	13,682,559
Interest and dividend income	50,884	93,866
Realized gain on investments	20,500	302,719
Gifts and bequests	22,443	52,386
Net assets released from restrictions	4,000	8,274
Total operating revenues, gains, and other support	12,312,671	14,139,804
Expenses:		
Nursing services	1,896,210	2,346,649
Rehabilitation	523,610	560,086
Recreation and special services	400,197	446,177
Pharmacy	76,090	125,858
Social services	58,031	64,247
Physician services	20,833	25,000
Food services	1,714,794	1,859,847
Building operations and maintenance	1,928,300	2,315,917
Housekeeping	253,919	333,866
Laundry and linen	46,698	51,344
General and administrative	1,623,282	2,139,667
Employee benefits	399,536	657,288
Interest	459,101	539,642
Depreciation	1,782,135	2,075,984
Fundraising and investment fee	33,492	45,769
Total expenses	11,216,227	13,587,341
Income from continuing operations	1,096,443	552,463
Loss on early extinguishment of debt	-	(179,752)
Excess of operating revenues, gains and other support over expenses	1,096,443	372,711
Other changes:		
Unrealized (loss) gain on investments	(158,694)	50,564
Total other changes	(158,694)	50,564
Change in net liabilities without donor restrictions	937,749	423,275

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Periods ended October 31, 2018 and year ended December 30, 2017

	October 31, 2018	December 30, 2017
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Net assets with donor restrictions:		
Contributions, grants and bequests	2,956	1,658
Interest and dividend income	18,664	18,383
Net assets released from restrictions	<u>(4,000)</u>	<u>(8,274)</u>
Change in net assets with donor restrictions	<u>17,619</u>	<u>11,767</u>
Change in net assets	955,369	435,042
Net liabilities, beginning of year	<u>(23,846,994)</u>	<u>(24,282,036)</u>
Net liabilities, end of year	<u><u>\$ (22,891,625)</u></u>	<u><u>(23,846,994)</u></u>

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Statements of Cash Flows

Periods ended October 31, 2018 and year ended December 30, 2017

	October 31, 2018	December 30, 2017
Cash flows from operating activities:		
Change in net assets	\$ 955,369	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	1,782,135	2,075,984
Provision for bad debt	17,703	43,912
Proceeds from refundable entrance fees and deposits	2,609,843	4,866,554
Amortization of entrance fees	(780,123)	(987,162)
Loss on extinguishment of debt	—	179,752
Unrealized loss (gain) on investments	158,694	(50,564)
Realized gain on investments	(20,500)	(302,719)
Amortization on deferred financing costs	13,455	16,167
Change in assets and liabilities:		
Accounts receivable	(37,580)	82,499
Entrance fees receivable	223,580	(11,801)
Prepaid expenses and other current assets	(66,418)	35,082
Accounts payable	219,120	(237,600)
Accrued expenses and deferred revenue other	2,681	15,621
Net cash provided by operating activities	5,077,961	6,160,767
Cash flows from investing activities:		
Acquisition of property and equipment	(1,096,728)	(2,016,325)
Net proceeds from investments	(39,231)	1,025,870
Net cash used in investing activities	(1,135,959)	(990,455)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,908,711)	(3,565,790)
Change in entrance fee payable	(124,060)	(785,788)
Principal payments on long-term debt	(559,412)	(440,137)
Proceeds on the issuance of bonds	—	13,400,000
Refunding, refinancing or payoff of long-term debt	—	(13,855,000)
Borrowings under capital leases	43,078	-
Repayments on capital lease obligations	(8,753)	(15,844)
Change in annuities payable	(1,173)	(1,206)
Due to affiliated entity	(1,417,275)	112,879
Net cash used in financing activities	(3,976,306)	(5,312,348)
Net decrease in cash and cash equivalents	(34,305)	(142,036)
Cash and cash equivalents, beginning of year	74,754	216,790
Cash and cash equivalents, end of year	\$ 40,449	74,754