

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

September 30, 2018 and December 30, 2017

<b>Assets</b>	<b>September 30, 2018</b>	<b>December 30, 2017</b>
Cash and cash equivalents	\$ 132,762	74,754
Investments	1,100,000	1,100,000
Restricted deposits and funded reserves	1,891,500	1,779,683
Accounts receivable, net	682,899	800,255
Prepaid expenses and other current assets	301,201	201,962
Assets whose use is limited	740,866	759,998
Property and equipment (net of accumulated depreciation of \$36,399,029 and \$34,807,129 respectively)	28,107,258	28,790,424
Assets under capital leases (net of accumulated depreciation of \$89,432 and \$81,878, respectively)	40,685	5,161
Total assets	\$ <u>32,997,170</u>	<u>33,512,237</u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

September 30, 2018 and December 30, 2017

<b>Liabilities and Net Liabilities</b>	<b>September 30, 2018</b>	<b>December 30, 2017</b>
Accounts payable	\$ 315,125	382,322
Accrued expenses	501,932	502,482
Resident deposits	71,890	36,260
Entrance fee payable	14,140,496	14,190,801
Deferred revenue – entrance fees	4,475,222	4,522,954
Annuities payable	26,315	27,488
Obligations under capital lease	41,955	5,371
Long-term debt	12,320,595	12,810,511
Due to affiliated entities	23,912,408	24,881,042
Total liabilities	<u>55,805,937</u>	<u>57,359,231</u>
Net liabilities:		
Without donor restriction	(23,448,045)	(24,468,653)
With donor restriction	639,278	621,659
Total net liabilities	<u>(22,808,767)</u>	<u>(23,846,994)</u>
Total liabilities and net liabilities	<u>\$ 32,997,170</u>	<u>33,512,237</u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

Periods ended September 30, 2018 and year ended December 30, 2017

	<u>September 30,</u> <u>2018</u>	<u>December 30,</u> <u>2017</u>
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$714,177 and \$987,162, respectively	\$ 10,956,131	13,682,559
Interest and dividend income	27,074	93,866
Realized gain on investments	9,110	302,719
Gifts and bequests	15,477	52,386
Net assets released from restrictions	4,000	8,274
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Total operating revenues, gains, and other support	11,011,791	14,139,804
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Expenses:		
Nursing services	1,696,513	2,346,649
Rehabilitation	461,836	560,086
Recreation and special services	360,020	446,177
Pharmacy	70,236	125,858
Social services	51,826	64,247
Physician services	18,750	25,000
Food services	1,512,393	1,859,847
Building operations and maintenance	1,768,578	2,315,917
Housekeeping	223,220	333,866
Laundry and linen	42,630	51,344
General and administrative	1,446,963	2,139,667
Employee benefits	363,246	657,288
Interest	413,016	539,642
Depreciation	1,599,455	2,075,984
Fundraising and investment fee	29,246	45,769
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Total expenses	10,057,927	13,587,341
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Income from continuing operations	953,864	552,463
Loss on early extinguishment of debt	-	(179,752)
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Excess of operating revenues, gains and other support over expenses	953,864	372,711
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Other changes:		
Unrealized gain on investments	66,744	50,564
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Total other changes	66,744	50,564
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Change in net liabilities without donor restrictions	1,020,608	423,275

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

Periods ended September 30, 2018 and year ended December 30, 2017

	<b>September 30, 2018</b>	<b>December 30, 2017</b>
	<u>                    </u>	<u>                    </u>
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	1,038,227	435,042
Net liabilities, beginning of year	<u>(23,846,994)</u>	<u>(24,282,036)</u>
Net liabilities, end of year	<u><u>\$ (22,808,767)</u></u>	<u><u>(23,846,994)</u></u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Cash Flows

Periods ended September 30, 2018 and year ended December 30, 2017

	<b>September 30, 2018</b>	<b>December 30, 2017</b>
	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Change in net assets	\$ 1,038,227	435,042
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	1,599,455	2,075,984
Provision for bad debt	13,982	43,912
Proceeds from refundable entrance fees and deposits	2,084,174	4,866,554
Amortization of entrance fees	(714,177)	(987,162)
Loss on extinguishment of debt	—	179,752
Unrealized gain on investments	(66,744)	(50,564)
Realized gain on investments	(9,110)	(302,719)
Amortization on deferred financing costs	12,110	16,167
Change in assets and liabilities:		
Accounts receivable	(1,552)	82,499
Entrance fees receivable	104,926	(11,801)
Prepaid expenses and other current assets	(99,239)	35,082
Accounts payable	(67,197)	(237,600)
Accrued expenses and deferred revenue other	(550)	15,621
Net cash provided by operating activities	3,894,304	6,160,767
Cash flows from investing activities:		
Acquisition of property and equipment	(951,813)	(2,016,325)
Net proceeds from investments	(16,832)	1,025,870
Net cash used in investing activities	(968,645)	(990,455)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,382,099)	(3,565,790)
Change in entrance fee payable	(50,305)	(785,788)
Principal payments on long-term debt	(502,025)	(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	(6,494)	(15,844)
Change in annuities payable	(1,173)	(1,206)
Due to affiliated entity	(968,634)	112,879
Net cash used in financing activities	(2,867,652)	(5,312,348)
Net increase (decrease) in cash and cash equivalents	58,008	(142,036)
Cash and cash equivalents, beginning of year	74,754	216,790
Cash and cash equivalents, end of year	\$ 132,762	74,754