

**PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING**

Consolidated Statement of Financial Position

June 30, 2016 and December 31, 2015

<b>Assets</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
Cash and cash equivalents	\$ 2,137,992	2,953,419
Investments	313,654	306,402
Restricted deposits and funded reserves	9,771,109	8,864,181
Accounts receivable, net	47,649	49,875
Prepaid expenses and other current assets	321,429	340,175
Property and equipment (net of accumulated depreciation of \$37,291,531 and \$35,438,898, respectively)	113,645,944	114,731,340
Assets under capital lease (net of accumulated depreciation of \$6,873 and \$4,811, respectively)	7,560	9,621
Other assets	<u>2,364,608</u>	<u>2,357,691</u>
Total assets	<u>\$ 128,609,946</u>	<u>129,612,703</u>

**PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING**

Consolidated Statement of Financial Position

June 30, 2016 and December 31, 2015

<b>Liabilities and Net Assets</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
Accounts payable	\$ 3,033,495	4,516,319
Accrued expenses	1,139,563	2,011,124
Accrued interest	1,322,149	1,274,249
Resident deposits	583,902	525,535
Due to Presbyterian Senior Living	2,457,927	2,365,881
Obligations under capital lease	7,725	9,768
Long-term debt/note to Presbyterian Senior Living	29,686,227	29,424,656
Long-term debt	<u>32,050,970</u>	<u>31,513,957</u>
Total liabilities	<u>70,281,957</u>	<u>71,641,490</u>
Net assets:		
Unrestricted	58,320,598	57,963,823
Temporarily restricted	<u>7,390</u>	<u>7,390</u>
Total net assets	<u>58,327,988</u>	<u>57,971,213</u>
Total liabilities and net assets	<u>\$ 128,609,946</u>	<u>129,612,703</u>

**PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING**

Consolidated Statement of Operations and Change in Net Assets

Quarters ended June 30, 2016 and year ended December 31, 2015

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Operating revenues, gains, and other support:		
Resident services	\$ 4,492,127	8,592,258
Net rental income and developer's fees	786,079	802,054
Interest and dividend income	9,191	30,547
Realized loss on investments	(15,927)	(10,059)
Contributions, grants, gifts and bequests	12,718	256,077
Net assets released from restrictions	—	1,943
Total operating revenues, gains, and other support	<u>5,284,188</u>	<u>9,672,821</u>
Expenses:		
Recreations and special services	1,456	29,748
Social services	209,338	381,005
Building operations and maintenance	2,387,676	4,863,092
Housekeeping	26,327	58,484
General and administrative	1,208,900	2,500,277
Employee benefits	158,813	340,199
Interest	452,097	963,304
Depreciation	1,935,270	3,601,966
Amortization	34,083	87,686
Fundraising and investment fee	571	2,757
Total expenses	<u>6,414,531</u>	<u>12,828,518</u>
Operating loss	(1,130,343)	(3,155,698)
Gain on early extinguishment of debt	—	1,006,834
Equity received from tax credit limited partner	1,465,855	9,865,888
Excess of operating revenues, gains and other support	335,512	7,717,024
Other changes:		
Unrealized gain (loss) on investment	21,263	(16,456)
Total other changes	<u>21,263</u>	<u>(16,456)</u>
Increase in unrestricted net assets	356,775	7,700,568
Temporarily restricted net assets:		
Net assets released from restrictions	—	(1,943)
Change in temporarily restricted net assets	—	(1,943)
Change in net assets	356,775	7,698,625
Net assets, beginning of year	<u>57,971,213</u>	<u>50,272,588</u>
Net assets, end of year	<u>\$ 58,327,988</u>	<u>57,971,213</u>

**PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING**

Combined Statement of Partners' Equity

Quarters ended June 30, 2016 and year ended December 31, 2015

	<u>General Partner</u>	<u>Investor Limited Partner</u>	<u>Special Limited Partner</u>	<u>Total</u>
Partners' equity, December 31, 2015	\$ 6,630,018	50,724,170	617,025	57,971,213
Contributions	-	1,465,855	-	1,465,855
Net loss	<u>1,006,817</u>	<u>(2,066,891)</u>	<u>(49,006)</u>	<u>(1,109,080)</u>
Partners' equity, June 30, 2016	7,636,835	50,123,134	568,019	58,327,988

**PRESBYTERIAN SENIOR LIVING - AFFORDABLE HOUSING**

Consolidated Statements of Cash Flows

Quarters ended June 30, 2016 and year ended December 31, 2015

	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 356,775	7,698,625
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,935,270	3,601,966
Bad debt write-offs	22	58,600
Net proceeds from entrance fees and deposits	58,367	47,249
Unrealized (gain) loss on investments	(21,263)	16,456
Realized loss on investment	15,927	10,059
Gain on early extinguishment of debt	-	(1,006,834)
Amortization of deferred costs	34,083	87,686
Changes in assets and liabilities:		
Increase in accounts receivable	2,204	125,901
Increase in other assets	(22,255)	(149)
Increase in accounts payable	(1,482,824)	832,996
Increase in accrued expenses	(823,660)	1,005,279
Net cash provided by operating activities	<u>52,645</u>	<u>12,477,835</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(847,813)	(13,914,464)
Net proceeds from investments	<u>(908,843)</u>	<u>(197,032)</u>
Net cash used in investing activities	<u>(1,756,657)</u>	<u>(14,111,495)</u>
Cash flows from financing activities:		
Principal payments on and redemptions of long-term debt	(265,851)	(5,783,322)
Proceeds from issuance of long-term debt	1,064,435	6,611,310
Forgiveness of loan interest	-	156,834
Repayments on capital lease obligations	(2,043)	(4,007)
Net increase in due to	<u>92,045</u>	<u>974,078</u>
Net cash provided by financing activities	<u>888,585</u>	<u>1,954,893</u>
Net (decrease) increase in cash and cash equivalents	(815,427)	321,233
Cash and cash equivalents, beginning of year	<u>2,953,419</u>	<u>2,632,186</u>
Cash and cash equivalents, end of year	<u>\$ 2,137,992</u>	<u>2,953,419</u>