

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Financial Position

March 31, 2017 and December 31, 2016

Assets	March 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 5,328,646	4,439,267
Investments	71,962,488	70,115,096
Restricted deposits and funded reserves	23,588,753	22,771,744
Accounts receivable, net	23,879,142	25,714,396
Prepaid expenses and other current assets	5,584,185	3,523,343
Assets whose use is limited	9,279,870	9,997,271
Assets whose use is limited, construction funds held by trustee	6,253,813	15,314,759
Pledges receivable	514,739	466,947
Property and equipment (net of accumulated depreciation of \$311,020,301 and \$305,229,720, respectively)	498,995,459	496,864,147
Assets under capital leases (net of accumulated amortization of \$1,365,534 and \$1,352,251, respectively)	367,473	434,901
Goodwill	1,836,908	3,551,908
Assets held in trust by others	17,618,822	17,240,286
Other assets	2,372,049	675,198
Total assets	\$ <u>667,582,347</u>	<u>671,109,263</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

Quarter ended March 31, 2017 and year ended December 31, 2016

	March 31, 2017	December 31, 2016
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Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$3,736,865 and \$14,479,177, respectively	\$ 56,388,742	224,604,743
Sales of other services and materials	58,648	37,637
Net rental income and developers fees	181,624	783,518
Interest and dividend income	450,478	2,276,305
Realized gain (loss) on investments	132,651	(489,737)
Gain (loss) on sale of property and equipment and other assets	50	(416,617)
Contributions, grants, gifts and bequests	207,233	534,987
Net assets released from restrictions	179,163	2,332,510
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Total operating revenues, gains, and other support	57,598,590	229,663,346
Expenses:		
Nursing services	13,839,269	55,536,047
Rehabilitation	3,477,229	14,248,170
Recreation and special services	1,470,261	6,218,375
Pharmacy	1,112,979	3,915,396
Social services	365,331	1,779,436
Physician services	176,100	687,973
Food services	5,981,834	24,843,265
Building operations and maintenance	8,101,450	31,195,413
Housekeeping	1,167,061	4,851,211
Laundry and linen	303,647	1,280,078
General and administrative	8,360,349	32,677,224
Employee benefits	4,154,331	16,033,278
Interest	2,077,081	7,645,474
Depreciation	6,338,093	24,083,832
Amortization	18,148	464,198
Fundraising and investment fees	186,078	1,231,907
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Total expenses	57,129,241	226,691,277
Operating income	469,349	2,972,069
Equity received from tax credit limited partner	64,422	2,526,708
Change in fair value of interest rate swap	9,715	47,911
Loss on discontinued operations	-	(411,418)
Gain (loss) on early extinguishment of debt	125	(123,652)
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Excess of operating revenues, gains and other support over expenses	543,611	5,011,618
Other changes:		
Unrealized gain on investments	1,974,730	2,651,132
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Total other changes	1,974,730	2,651,132
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Increase in unrestricted net assets	2,518,340	7,662,750

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Operations and Changes in Net Assets

Quarter ended March 31, 2017 and year ended December 31, 2016

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Temporarily restricted net assets:		
Contributions, giftsts and bequests	235,118	899,518
Interest and dividend income	29,774	105,743
Unrealized gain on investments	157,174	156,629
Net assets released from restrictions	<u>(179,163)</u>	<u>(2,332,510)</u>
Change in temporarily restricted net assets	242,902	(1,170,620)
Permanently restricted net assets:		
Contributions	3,685	119,484
Change in fair value of funds held in trust by others	<u>387,663</u>	<u>177,410</u>
Change in permanently restricted net assets	<u>391,348</u>	<u>296,894</u>
Change in net assets	3,152,590	6,789,024
Net assets, beginning of year	<u>184,903,433</u>	<u>178,114,409</u>
Net assets, end of year	<u>\$ 188,056,024</u>	<u>184,903,433</u>

PRESBYTERIAN SENIOR LIVING

Consolidated Statements of Cash Flows

Quarter ended March 31, 2017 and year ended December 31, 2016

	<u>March 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,152,590	6,789,024
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,338,093	24,083,832
Bad debt write-offs	749,087	1,005,542
Proceeds non-refundable from entrance fees and deposits	7,065,656	32,115,776
Amortization of entrance fees	(3,736,865)	(14,479,177)
(Gain) loss on early extinguishment of debt	(125)	123,652
Change in fair value of interest rate swaps	(9,715)	(47,911)
Unrealized gain on investments and change in fair value of funds held in trust by others	(2,519,567)	(2,985,171)
Realized (gain) loss on investments	(132,651)	489,737
Realized (gain) loss on sale of property and equipment and other assets	(50)	416,617
Contributions restricted for long-term purposes	(3,685)	(119,484)
Amortization of deferred costs	18,148	468,312
Amortization of bond premium	-	(4,114)
Loss on abandoned project	-	411,418
Change in deferred energy costs	(15,588)	(44,167)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,260,451	(3,301,677)
Increase in entrance fee receivable	(174,284)	(25,227)
(Increase) decrease in pledges receivable	(47,792)	682,289
(Increase) decrease in other assets	(3,577,526)	203,162
Decrease in accounts payable	(3,955,996)	(1,563,984)
Decrease in accrued expenses	(2,772,486)	(846,309)
Net cash provided by operating activities	<u>1,637,695</u>	<u>43,372,140</u>
Cash flows from investing activities:		
Acquisition of property and equipment, net of disposals	(6,686,927)	(55,821,978)
Net purchases of investments	<u>9,387,628</u>	<u>14,624,410</u>
Net cash provided by (used in) investing activities	2,700,701	(41,197,568)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(2,658,286)	(7,778,710)
Change in entrance fee payable	(1,565,831)	(2,791,319)
Principal payments on and redemptions of long-term debt	(4,217,981)	(12,764,545)
Proceeds from issuance of long-term debt	2,585,674	25,405,751
Refunding, refinancing, or payoff of long-term debt	-	(4,435,209)
Purchase of treasury stock	(49,875)	-
Financing costs incurred	-	(88,867)
Net repayments on lines of credit	2,536,188	(746,404)
Borrowings through capital leases	54,145	230,705
Repayments on capital leases	(123,864)	(291,028)
Contributions restricted for long-term purposes	3,685	119,484
Decrease in annuities payable	(12,873)	(90,095)
Net cash used in financing activities	<u>(3,449,018)</u>	<u>(3,230,237)</u>
Net increase (decrease) in cash and cash equivalents	889,379	(1,055,665)
Cash and cash equivalents, beginning of year	<u>4,439,267</u>	<u>5,494,932</u>
Cash and cash equivalents, end of year	\$ <u><u>5,328,646</u></u>	<u><u>4,439,267</u></u>
See accompanying notes to consolidated financial statements.		
Supplemental schedule of non-cash investing activities		
Increase in property and equipment through increase in deferred energy costs	<u>-</u>	<u>1,247,000</u>