

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Consolidated Statements of Financial Position

December 31, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 216,790	112,912
Investments	1,400,000	1,300,000
Restricted deposits and funded reserves	1,876,567	1,805,802
Accounts receivable, net	914,865	566,752
Prepaid expenses and other current assets	237,044	206,892
Assets whose use is limited	1,035,701	1,017,905
Pledges receivable	—	5,000
Property and equipment (net of accumulated depreciation of \$32,746,628 and \$30,812,878, respectively)	28,834,600	29,455,912
Assets under capital leases (net of accumulated amortization of \$66,395 and \$49,881, respectively)	20,644	37,158
Total assets	<u>\$ 34,536,211</u>	<u>34,508,333</u>

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Consolidated Statements of Financial Position

December 31, 2016 and 2015

Liabilities and Net Liabilities	2016	2015
Accounts payable	\$ 631,472	631,936
Accrued expenses	486,861	475,818
Resident deposits	56,840	24,000
Entrance fees payable	14,965,039	16,011,397
Deferred revenue – entrance fees	4,188,772	3,858,083
Annuities payable	28,694	51,989
Obligations under capital leases	21,215	37,721
Bonds payable	13,671,191	14,304,962
Due to affiliated entity	24,768,163	22,756,431
Total liabilities	58,818,247	58,152,337
Net assets (liabilities):		
Unrestricted	(24,891,928)	(24,235,365)
Temporarily restricted	233,588	217,257
Permanently restricted	376,304	374,104
Total net liabilities	(24,282,036)	(23,644,004)
Total liabilities and net liabilities	\$ 34,536,211	34,508,333

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$821,365 and \$841,134, respectively	\$ 12,598,701	13,082,574
Interest and dividend income	106,751	134,318
Realized gains (losses) on investments	52,048	(62,204)
Gains on sale of property and equipment	-	20,404
Contributions, gifts and bequests	6,357	51,527
Net assets released from restrictions	7,504	2,448
	<u>12,771,361</u>	<u>13,229,067</u>
Total operating revenues, gains, and other support		
Expenses:		
Nursing services	2,275,206	2,419,867
Rehabilitation	536,834	707,663
Recreation and special services	479,899	496,942
Pharmacy	104,928	84,736
Social services	65,633	59,512
Physician services	25,000	25,000
Food services	2,029,191	2,039,377
Building operations and maintenance	2,360,817	2,511,961
Housekeeping	357,750	407,414
Laundry and linen	49,488	50,909
General and administrative	2,182,511	2,170,132
Employee benefits	680,955	696,171
Interest	318,292	276,891
Depreciation	1,950,263	1,902,583
Amortization	16,229	16,229
Fundraising and investment fees	57,081	57,115
	<u>13,490,077</u>	<u>13,922,502</u>
Total expenses		
Deficit of operating revenues, gains, and other support over expenses	(718,716)	(693,435)
Other changes:		
Unrealized gains (losses) on investments	62,153	(261,548)
	<u>(656,563)</u>	<u>(954,983)</u>
Change in unrestricted net liabilities		

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

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

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Temporarily restricted net assets:		
Contributions, gifts and bequests	6,215	233
Interest and dividend income	17,620	17,128
Net assets released from restrictions	<u>(7,504)</u>	<u>(2,448)</u>
Change in temporarily restricted net assets	<u>16,331</u>	<u>14,913</u>
Permanently restricted net assets:		
Contributions	<u>2,200</u>	<u>2,000</u>
Change in permanently restricted net assets	<u>2,200</u>	<u>2,000</u>
Change in net liabilities	(638,032)	(938,070)
Net liabilities, beginning of year	<u>(23,644,004)</u>	<u>(22,705,934)</u>
Net liabilities, end of year	<u>\$ (24,282,036)</u>	<u>(23,644,004)</u>

See accompanying notes to consolidated financial statements.

PRESBYTERIAN SENIOR LIVING SERVICES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net liabilities	\$ (638,032)	(938,070)
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	1,950,263	1,902,583
Provision for bad debts	(20,936)	(16,374)
Proceeds from non-refundable entrance fees and deposits	3,885,969	4,140,044
Amortization of entrance fees	(821,365)	(841,134)
Unrealized (gains) losses on investments	(62,153)	261,548
Realized (gains) losses on investments	(52,048)	62,204
Gains on sale of property and equipment	—	(20,404)
Contributions restricted for long-term purposes	(2,200)	(2,000)
Amortization	16,229	16,229
Change in assets and liabilities:		
Accounts receivable	(171,617)	231,593
Entrance fees receivable	(155,560)	(65,409)
Pledges receivable	5,000	(5,000)
Prepaid expenses and other current assets	(30,152)	62,233
Accounts payable	(464)	(433,966)
Accrued expenses	11,043	52,036
Net cash provided by operating activities	<u>3,913,977</u>	<u>4,406,113</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(1,312,437)	(1,287,153)
Net proceeds from sale of property and equipment	—	179,782
Purchases of investments	(3,292,873)	(1,764,012)
Proceeds from sale of investments	<u>3,218,513</u>	<u>1,645,422</u>
Net cash used in investing activities	<u>(1,386,797)</u>	<u>(1,225,961)</u>
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(2,701,075)	(3,160,152)
Change in entrance fee payable	(1,046,358)	(1,277,254)
Principal payments and redemptions of bonds	(650,000)	(610,000)
Repayments on capital lease obligations	(16,506)	(20,412)
Contributions restricted for long-term purposes	2,200	2,000
Change in annuities payable	(23,295)	24,110
Change in due to affiliated entity	<u>2,011,732</u>	<u>1,730,932</u>
Net cash used in financing activities	<u>(2,423,302)</u>	<u>(3,310,776)</u>
Net increase (decrease) in cash and cash equivalents	103,878	(130,624)
Cash and cash equivalents, beginning of year	<u>112,912</u>	<u>243,536</u>
Cash and cash equivalents, end of year	\$ <u><u>216,790</u></u>	\$ <u><u>112,912</u></u>
Supplemental schedule of non-cash investing activities		
Decrease in assets held for sale through increase in property and equipment	\$ <u><u>—</u></u>	\$ <u><u>39,724</u></u>

See accompanying notes to consolidated financial statements.