

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

March 31, 2017 and December 31, 2016

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Cash and cash equivalents	\$ 146,689	216,790
Investments	1,000,000	1,400,000
Restricted deposits and funded reserves	2,420,197	1,876,567
Accounts receivable, net	729,869	914,865
Prepaid expenses and other current assets	196,021	237,044
Assets whose use is limited	1,246,566	1,035,701
Property and equipment (net of accumulated depreciation of \$33,247,549 and \$32,746,628 respectively)	28,846,068	28,834,600
Assets under capital leases (net of accumulated depreciation of \$70,265 and \$66,395, respectively)	<u>16,774</u>	<u>20,645</u>
Total assets	<u>\$ 34,602,184</u>	<u>34,536,211</u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Financial Position

March 31, 2017 and December 31, 2016

<b>Liabilities and Net Liabilities</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Accounts payable	\$ 676,138	631,474
Accrued expenses	356,661	486,860
Resident deposits	105,340	56,840
Entrance fee payable	14,174,139	14,965,039
Deferred revenue – entrance fees	4,098,848	4,188,772
Annuities payable	28,348	28,694
Obligations under capital lease	17,292	21,215
Long-term debt	13,666,248	13,671,190
Due to affiliated entities	25,506,093	24,768,163
Total liabilities	<u>58,629,106</u>	<u>58,818,247</u>
Net liabilities:		
Unrestricted	(24,655,486)	(24,891,928)
Temporarily restricted	252,259	233,588
Permanently restricted	376,304	376,304
Total net liabilities	<u>(24,026,923)</u>	<u>(24,282,037)</u>
Total liabilities and net liabilities	<u>\$ 34,602,184</u>	<u>34,536,211</u>

See accompanying notes to financial statements.

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

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>
Operating revenues, gains, and other support:		
Resident services, including amortization of entrance fees of \$247,455 and \$821,365, respectively	\$ 3,292,610	12,598,701
Interest and dividend income	(4,338)	106,752
Realized gains on investments	29,889	52,048
Gifts and bequests	1,194	6,357
Net assets released from restrictions	-	7,504
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Total operating revenues, gains, and other support	3,319,355	12,771,361
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Expenses:		
Nursing services	541,468	2,275,206
Rehabilitation	147,365	536,834
Recreation and special services	107,763	479,899
Pharmacy	11,090	104,928
Social services	17,196	65,633
Physician services	6,250	25,000
Food services	446,673	2,029,191
Building operations and maintenance	610,862	2,360,817
Housekeeping	84,061	357,750
Laundry and linen	12,151	49,488
General and administrative	499,030	2,182,511
Employee benefits	128,894	680,955
Interest	88,506	334,521
Depreciation	504,792	1,950,263
Fundraising and investment fee	9,005	57,081
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Total expenses	3,215,106	13,490,077
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Gain (loss) from continuing operations	104,248	(718,716)
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Other changes:		
Unrealized gain on investments	132,151	62,153
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Total other changes	132,151	62,153
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Change in unrestricted net liabilities	236,399	(656,563)

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

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

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

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<u>                    </u>	<u>                    </u>
Temporarily restricted net assets:		
Contributions, grants and bequests	256	6,215
Interest and dividend income	18,459	17,619
Net assets released from restrictions	<u>          -</u>	<u>     (7,504)</u>
Change in temporarily restricted net assets	<u>         18,715</u>	<u>         16,330</u>
Permanently restricted net assets:		
Contributions	<u>          -</u>	<u>         2,200</u>
Change in permanently restricted net assets	<u>          -</u>	<u>         2,200</u>
Change in net (liabilities) assets	255,114	(638,033)
Net liabilities, beginning of year	<u>     (24,282,037)</u>	<u>     (23,644,004)</u>
Net liabilities, end of year	<u><u>     (24,026,923)</u></u>	<u><u>     (24,282,037)</u></u>

**PRESBYTERIAN SENIOR LIVING SERVICES, INC.**

Statements of Cash Flows

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

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<u>                    </u>	<u>                    </u>
Cash flows from operating activities:		
Change in net liabilities	\$ 255,114	(638,033)
Adjustments to reconcile change in net liabilities to net cash provided by operating activities:		
Depreciation	504,792	1,950,263
Provision for bad debt	12,462	(20,936)
Proceeds from refundable entrance fees and deposits	1,518,203	3,885,969
Amortization of entrance fees	(247,455)	(821,365)
Unrealized gain on investments	(132,151)	(62,153)
Realized gain losses on investments	(29,889)	(52,048)
Contributions restricted for long-term purposes	—	(2,200)
Change in assets and liabilities:		
Accounts receivable	94,424	(171,617)
Entrance fees receivable	78,110	(155,560)
Pledges receivable	—	5,000
Prepaid expenses and other current assets	41,024	(30,152)
Accounts payable	44,664	(462)
Accrued expenses and deferred revenue other	(130,200)	11,042
Net cash provided by operating activities	<u>2,009,098</u>	<u>3,897,749</u>
Cash flows used in investing activities:		
Acquisition of property and equipment	(512,389)	(1,312,438)
Net proceeds from investments	<u>(192,457)</u>	<u>(74,360)</u>
Net cash used in investing activities	(704,845)	(1,386,798)
Cash flows from financing activities:		
Refunds of entrance fees and deposits	(1,312,173)	(2,701,075)
Change in entrance fee payable	(790,899)	(1,046,358)
Principal payments on long-term debt	(4,943)	(633,771)
Repayments on capital lease obligations	(3,923)	(16,506)
Contributions restricted for long-term purposes	—	2,200
Change in annuities payable	(346)	(23,295)
Due to affiliated entity	737,930	2,011,732
Net cash used in financing activities	<u>(1,374,354)</u>	<u>(2,407,073)</u>
Net (decrease) increase in cash and cash equivalents	(70,101)	103,878
Cash and cash equivalents, beginning of year	<u>216,790</u>	<u>112,912</u>
Cash and cash equivalents, end of year	\$ <u>146,689</u>	<u>216,790</u>