



C. C. Young
Senior Living · Senior Care
Where the Spirit is Ageless®

C. C. Young
Quarterly Report
June 30, 2017



The Vista

TABLE OF CONTENTS

- I. OCCUPANCY STATISTICS
- II. UNAUDITED QUARTERLY FINANCIAL STATEMENTS
- III. MANAGEMENT'S DISCUSSION AND ANALYSIS

APPENDICES:

APPENDIX A: OFFICER'S CERTIFICATE

I. OCCUPANCY STATISTICS

Campus Occupancy Levels as of June 30, 2017

| Facility | Facility Type | Units/Beds Occupied | % Occupied |
|---------------|--------------------|---------------------|------------|
| Thomas | Independent Living | 37 | 100 |
| Asbury | Independent Living | 73 | 94 |
| Overlook | Independent Living | 103 | 95 |
| Blanton | Assisted Living | 67 | 89 |
| Cove | Memory Care | 28 | 78 |
| Lawther Point | Health Center | 64 | 73 |

Payor Mix as of June 30, 2017

| Payor | % Occupied |
|--------------|------------|
| Private Pay | 51 |
| Medicaid | 8 |
| Medicare | 41 |
| Total | 100 |

II. Independent Living Units Sold by Unit Type

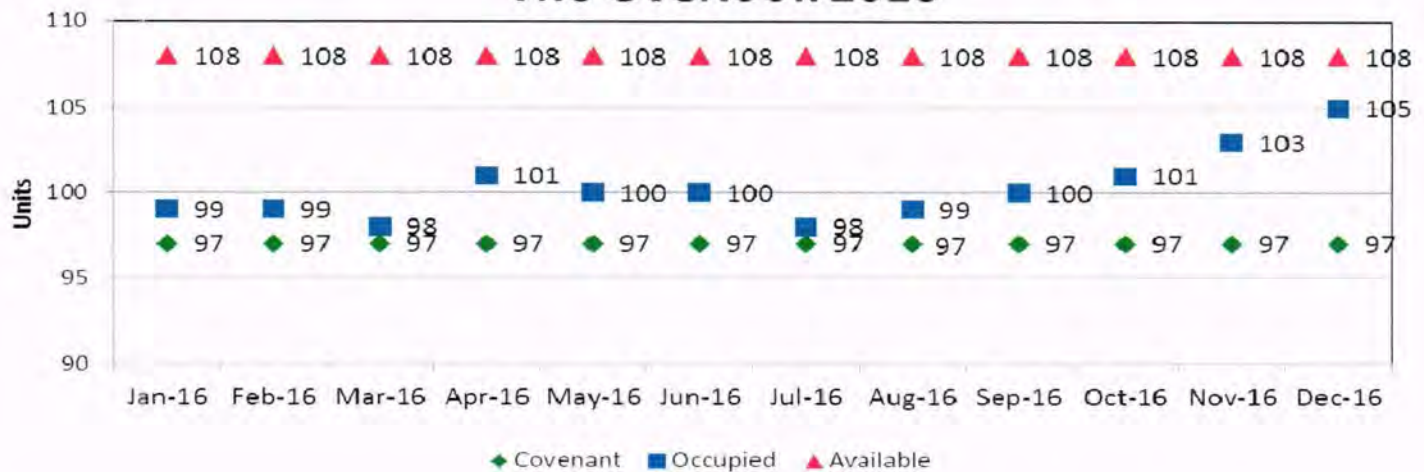
The marketing covenant level for The Overlook sales of units is 90% or 95 units and the actual sales of units is 100% or 108 units as of June 30, 2017.

The occupancy covenant for The Overlook is 90% or 97 units and actual occupancy is 95% or 103 units as of June 30, 2017.

The Overlook 2017

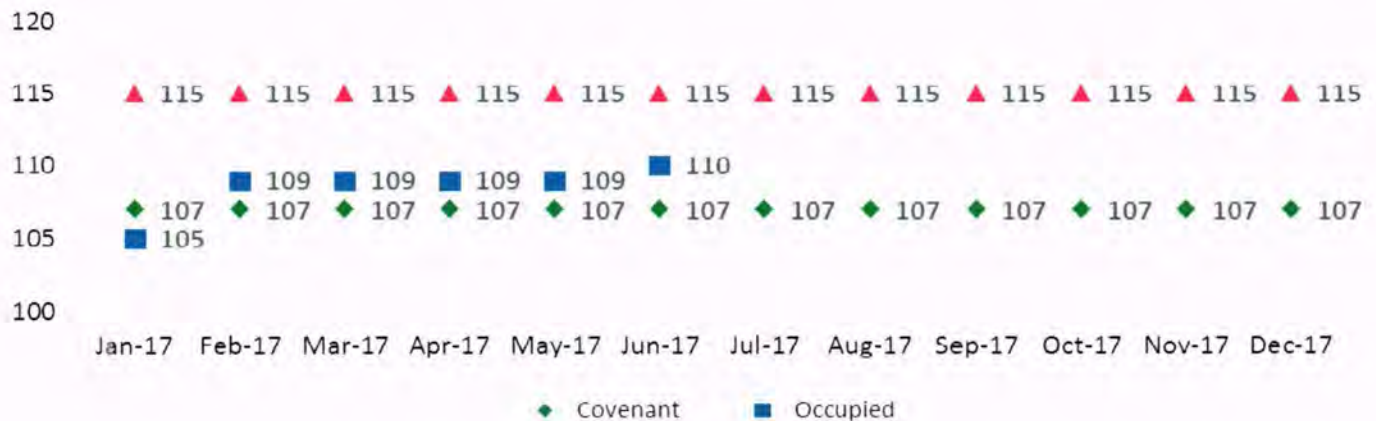


The Overlook 2016

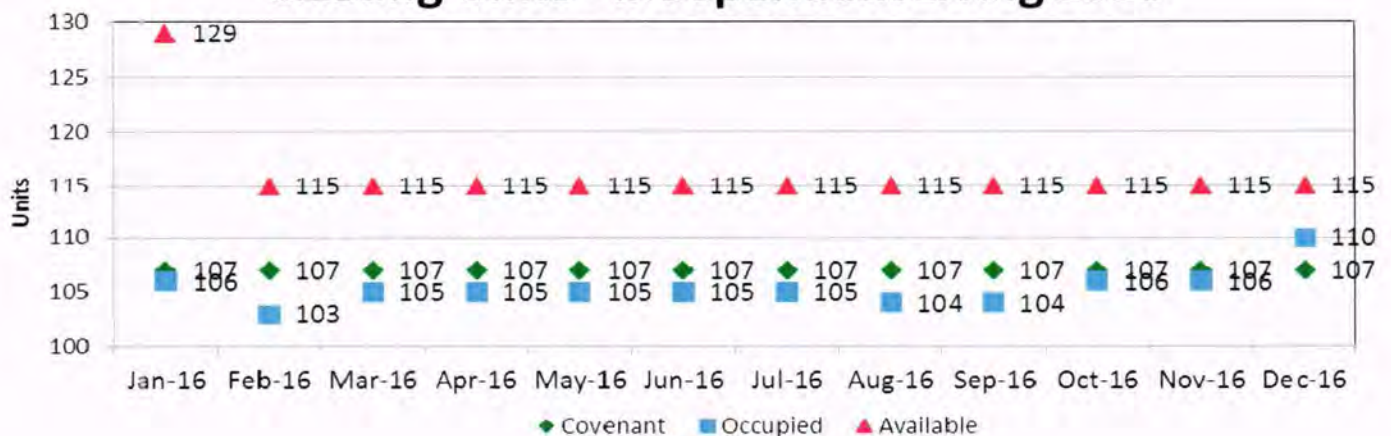


The occupancy covenant level for the existing independent units is 83% or 95 units and the actual occupancy is 93% or 110 units as of June 30, 2017.

Existing Units - Independent Living 2017



Existing Units - Independent Living 2016



C.C. Young
Unaudited Balance Sheet
June 30, 2017

| | <u>Current Year</u> |
|---|-----------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and Cash Equivalents | 5,391,047 |
| Accounts Receivable | 2,055,120 |
| Pledges Receivable | - |
| Short-Term Investments | 351,349 |
| Other Current Assets | 827,275 |
| Total Current Assets | 8,624,790 |
| PROPERTY AND EQUIPMENT, NET | |
| Land and Improvements | 3,286,186 |
| Buildings and Improvements | 89,982,331 |
| Furniture and Equipment | 6,799,725 |
| Construction in Progress | 21,141,836 |
| | 121,210,078 |
| Accumulated Depreciation and Amortization | 30,764,236 |
| Total Property and Equipment, net | 90,445,842 |
| LONG-TERM INVESTMENTS | 7,890,090 |
| ASSETS LIMITED AS TO USE | |
| Donor Restricted | - |
| Assets Held Under Bond Indenture | 118,184,094 |
| Total Assets Limited As To Use | 118,184,094 |
| OTHER ASSETS | |
| Deferred Marketing Costs, net | 1,470,094 |
| Pledges Receivable, net | 20,797 |
| Bequests Receivable and Interests in Trusts | 212,903 |
| Other - Other Assets | 220,222 |
| Total Other Assets | 1,924,015 |
| TOTAL ASSETS | <u>\$ 227,068,831</u> |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Current Maturities of Long-Term Debt | 1,090,000 |
| Notes Payable | 339,905 |
| Accounts Payable | 4,128,225 |
| Accrued Interest Payable | 4,262,096 |
| Other Accrued Liabilities | 8,190,130 |
| Total Current Liabilities | 18,010,356 |
| LONG -TERM OBLIGATIONS | |
| Long-Term Debt, Less Current Maturities | 174,891,182 |
| Deferred Financing Costs, net | (4,958,557) |
| Refundable Resident Deposits | 39,823,580 |
| Deferred Entrance Fee Income | 3,539,407 |
| Total Long-Term Obligations | 213,295,612 |
| Total Liabilities | 231,305,968 |
| NET ASSETS | |
| Current Year Change in Net Assets | - |
| Unrestricted | (4,237,137) |
| Temporarily Restricted - Donor | - |
| Permanently Restricted - Donor | - |
| Total Net Assets | (4,237,137) |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 227,068,831</u> |

C.C. Young
Unaudited Actual to Budget Variances
For the Quarter Ended June 30, 2017

| Sub-Account | Description | Q1 Actual | Q1 Budget | Variance \$ | Variance % | YTD Actual | YTD Budget | Variance \$ | Variance % |
|---|---------------------------------------|----------------|----------------|-------------|------------|----------------|----------------|-------------|------------|
| Operating revenue | | | | | | | | | |
| Lawther Point Private Pay | Lawther Point Private Pay | 874,459 | 906,360 | (31,901) | -3.52% | 874,459 | 906,360 | (31,901) | -3.52% |
| Medicaid | Medicaid | 71,283 | 85,995 | (14,712) | -17.11% | 71,283 | 85,995 | (14,712) | -17.11% |
| Medicare Part A | Medicare Part A | 1,040,408 | 1,329,425 | (289,017) | -21.74% | 1,040,408 | 1,329,425 | (289,017) | -21.74% |
| Medicare Part B | Medicare Part B | 139,234 | 138,228 | 1,006 | 0.73% | 139,234 | 138,228 | 1,006 | 0.73% |
| Blanton Assisted Living | Blanton Assisted Living | 912,460 | 986,976 | (74,516) | -7.55% | 912,460 | 986,976 | (74,516) | -7.55% |
| Cove Memory Care | Cove Memory Care | 552,005 | 607,380 | (55,375) | -9.12% | 552,005 | 607,380 | (55,375) | -9.12% |
| Adult Day Stays | Adult Day Stays | 22,775 | 19,840 | 2,935 | 14.79% | 22,775 | 19,840 | 2,935 | 14.79% |
| Overlook | Overlook | 1,103,154 | 1,116,354 | (13,200) | -1.18% | 1,103,154 | 1,116,354 | (13,200) | -1.18% |
| Asbury Place | Asbury Place | 661,455 | 655,950 | 5,505 | 0.84% | 661,455 | 655,950 | 5,505 | 0.84% |
| Thomas Center | Thomas Center | 70,999 | 53,085 | 17,914 | 33.75% | 70,999 | 53,085 | 17,914 | 33.75% |
| Salon | Salon | 19,704 | 19,200 | 504 | 2.63% | 19,704 | 19,200 | 504 | 2.63% |
| Hospice | Hospice | 245,991 | 208,640 | 37,351 | 17.90% | 245,991 | 208,640 | 37,351 | 17.90% |
| Home Health | Home Health | 181,947 | 304,500 | (122,553) | -40.25% | 181,947 | 304,500 | (122,553) | -40.25% |
| TLC Fees | TLC Fees | 241,977 | 143,589 | 98,388 | 68.52% | 241,977 | 143,589 | 98,388 | 68.52% |
| Restaurant Sales | Restaurant Sales | 7,640 | 10,936 | (3,296) | -30.14% | 7,640 | 10,936 | (3,296) | -30.14% |
| Cafe | Cafe | 49,486 | 64,667 | (15,181) | -23.48% | 49,486 | 64,667 | (15,181) | -23.48% |
| Catering | Catering | 851 | 3,328 | (2,477) | -74.42% | 851 | 3,328 | (2,477) | -74.42% |
| Point | Point | 3,754 | 3,190 | 564 | 17.68% | 3,754 | 3,190 | 564 | 17.68% |
| Wellness | Wellness | 2,700 | 969 | 1,731 | 178.64% | 2,700 | 969 | 1,731 | 178.64% |
| Rental Income | Rental Income | 252,344 | 258,230 | (5,886) | -2.28% | 252,344 | 258,230 | (5,886) | -2.28% |
| Management Fees | Management Fees | 5,508 | 5,508 | - | 0.00% | 5,508 | 5,508 | - | 0.00% |
| Media Fees | Media Fees | 53,523 | 54,315 | (792) | -1.46% | 53,523 | 54,315 | (792) | -1.46% |
| Housekeeping - Revenue | Housekeeping - Revenue | 514 | - | 514 | 100% | 514 | - | 514 | 100% |
| Maintenance - Revenue | Maintenance - Revenue | 400 | - | 400 | 100% | 400 | - | 400 | 100% |
| Transportation - Revenue | Transportation - Revenue | 2,610 | 4,605 | (1,995) | -43.32% | 2,610 | 4,605 | (1,995) | -43.32% |
| Other | Other | 2,678 | 360 | 2,318 | 644.01% | 2,678 | 360 | 2,318 | 644.01% |
| Resident and other services charges, | | | | | | | | | |
| net of contractual allowances | | 6,519,859 | 6,981,629 | (461,771) | -6.61% | 6,519,859 | 6,981,629 | (461,771) | -6.61% |
| Amortized Entrance Fees | Amortized Entrance Fees | 197,434 | 135,078 | 62,356 | 46.16% | 197,434 | 135,078 | 62,356 | 46.16% |
| Benevolent Discounts | | | | | | | | | |
| | Benevolent Discounts | 6,717,293 | 7,116,707 | (399,415) | -5.61% | 6,717,293 | 7,116,707 | (399,415) | -5.61% |
| Net Operating Revenues | | 81,899 | 50,727 | 31,172 | 61.45% | 81,899 | 50,727 | 31,172 | 61.45% |
| | | 6,635,394 | 7,065,980 | (430,586) | -6.09% | 6,635,394 | 7,065,980 | (430,586) | -6.09% |
| Operating expenses | | | | | | | | | |
| Wages and Benefits | Wages and Benefits | 4,595,164 | 4,830,554 | (235,390) | -4.87% | 4,595,164 | 4,830,554 | (235,390) | -4.87% |
| Dining Services | Dining Services | 326,123 | 330,740 | (4,617) | -1.40% | 326,123 | 330,740 | (4,617) | -1.40% |
| Supplies and Pharmacy | Supplies and Pharmacy | 172,201 | 165,434 | 6,767 | 4.09% | 172,201 | 165,434 | 6,767 | 4.09% |
| Environmental Services | Environmental Services | 283,358 | 232,070 | 51,288 | 22.10% | 283,358 | 232,070 | 51,288 | 22.10% |
| Utilities Expense | Utilities Expense | 302,461 | 307,625 | (5,164) | -1.68% | 302,461 | 307,625 | (5,164) | -1.68% |
| Technology Expense | Technology Expense | 313,723 | 326,027 | (12,304) | -3.77% | 313,723 | 326,027 | (12,304) | -3.77% |
| Insurance | Insurance | 119,487 | 127,429 | (7,942) | -6.23% | 119,487 | 127,429 | (7,942) | -6.23% |
| Professional Fees | Professional Fees | 65,370 | 73,022 | (7,652) | -10.48% | 65,370 | 73,022 | (7,652) | -10.48% |
| Marketing Expense | Marketing Expense | 52,406 | 98,040 | (45,634) | -46.55% | 52,406 | 98,040 | (45,634) | -46.55% |
| Community Services | Community Services | 65,230 | 81,757 | (16,527) | -20.21% | 65,230 | 81,757 | (16,527) | -20.21% |
| General and Administrative Expense | General and Administrative Expense | 93,405 | 155,007 | (61,601) | -39.74% | 93,405 | 155,007 | (61,601) | -39.74% |
| Interest Expense - Deferred Financing | Interest Expense - Deferred Financing | 39,650 | 29,053 | 10,597 | 36.47% | 39,650 | 29,053 | 10,597 | 36.47% |
| Interest - Operating Expenses | Interest - Operating Expenses | 790,568 | 777,629 | 12,939 | 1.66% | 790,568 | 777,629 | 12,939 | 1.66% |
| Bad Debt | Bad Debt | 30,000 | 30,000 | - | 0.00% | 30,000 | 30,000 | - | 0.00% |
| Depreciation and Amortization | Depreciation and Amortization | 992,671 | 996,114 | (3,443) | -0.35% | 992,671 | 996,114 | (3,443) | -0.35% |
| Loss on Impairment or Disposal | Loss on Impairment or Disposal | - | - | - | 100% | - | - | - | 100% |
| Other Operating Expense | Other Operating Expense | - | - | - | 100% | - | - | - | 100% |
| Total operating expenses | | 8,241,819 | 8,560,500 | (318,682) | -3.72% | 8,241,819 | 8,560,500 | (318,682) | -3.72% |
| Income (loss) from operations | | (1,606,424) | (1,494,520) | (111,905) | 7.49% | (1,606,424) | (1,494,520) | (111,905) | 7.49% |
| Non-operating income, net | | | | | | | | | |
| Donations - Restricted | Donations - Restricted | 217,480 | 184,378 | 33,102 | 17.95% | 217,480 | 184,378 | 33,102 | 17.95% |
| Donations - Unrestricted | Donations - Unrestricted | 4,981 | - | 4,981 | 100% | 4,981 | - | 4,981 | 100% |
| Dividends | Dividends | 32,437 | 24,828 | 7,609 | 30.65% | 32,437 | 24,828 | 7,609 | 30.65% |
| Interest | Interest | 67,814 | 31,500 | 36,314 | 115.28% | 67,814 | 31,500 | 36,314 | 115.28% |
| Royalty | Royalty | 81,116 | 22,500 | 58,616 | 260.51% | 81,116 | 22,500 | 58,616 | 260.51% |
| Realized Gain (Losses) | Realized Gain (Losses) | 67,944 | 15,000 | 52,944 | 352.96% | 67,944 | 15,000 | 52,944 | 352.96% |
| Unrealized Gain (Losses) | Unrealized Gain (Losses) | 49,255 | - | 49,255 | 100% | 49,255 | - | 49,255 | 100% |
| Change in Net Interest of CCYF | Change in Net Interest of CCYF | - | - | - | 100% | - | - | - | 100% |
| Total non-operating income, net | | 521,027 | 278,206 | 242,821 | 87.28% | 521,027 | 278,206 | 242,821 | 87.28% |
| Change in net assets | | \$ (1,085,397) | \$ (1,216,314) | \$ 130,917 | -10.76% | \$ (1,085,397) | \$ (1,216,314) | \$ 130,917 | -10.76% |

C.C. Young
Unaudited Comparative Statement of Activities
For the Quarter Ended June 30, 2017

| | Current Q1 | Prior Year Q1 | Variance \$ | Variance % | Current YTD | Prior YTD | Variance \$ | Variance % |
|---|-----------------------|---------------------|---------------------|----------------|-----------------------|---------------------|---------------------|----------------|
| Operating revenue | | | | | | | | |
| Lawther Point Private Pay | 874,459 | 930,228 | (55,769) | -6.00% | 874,459 | 930,228 | (55,769) | -6.00% |
| Medicaid | 71,283 | 98,461 | (27,178) | -27.60% | 71,283 | 98,461 | (27,178) | -27.60% |
| Medicare Part A | 1,040,408 | 1,268,398 | (227,990) | -17.97% | 1,040,408 | 1,268,398 | (227,990) | -17.97% |
| Medicare Part B | 139,234 | 121,036 | 18,198 | 15.03% | 139,234 | 121,036 | 18,198 | 15.03% |
| Blanton Assisted Living | 912,460 | 903,949 | 8,511 | 0.94% | 912,460 | 903,949 | 8,511 | 0.94% |
| Cove Memory Care | 552,005 | 592,512 | (40,506) | -6.84% | 552,005 | 592,512 | (40,506) | -6.84% |
| Adult Day Stays | 22,775 | 26,720 | (3,945) | -14.76% | 22,775 | 26,720 | (3,945) | -14.76% |
| Overlook | 1,103,154 | 1,004,836 | 98,318 | 9.78% | 1,103,154 | 1,004,836 | 98,318 | 9.78% |
| Asbury Place | 661,455 | 595,237 | 66,218 | 11.12% | 661,455 | 595,237 | 66,218 | 11.12% |
| Thomas Center | 70,999 | 74,303 | (3,303) | -4.45% | 70,999 | 74,303 | (3,303) | -4.45% |
| Salon | 19,704 | 17,967 | 1,737 | 9.67% | 19,704 | 17,967 | 1,737 | 9.67% |
| Hospice | 245,991 | 72,243 | 173,748 | 240.50% | 245,991 | 72,243 | 173,748 | 240.50% |
| Home Health | 181,947 | 154,124 | 27,823 | 18.05% | 181,947 | 154,124 | 27,823 | 18.05% |
| TLC Fees | 241,977 | 125,416 | 116,561 | 92.94% | 241,977 | 125,416 | 116,561 | 92.94% |
| Restaurant Sales | 7,640 | 11,610 | (3,971) | -34.20% | 7,640 | 11,610 | (3,971) | -34.20% |
| Cafe | 49,486 | 47,529 | 1,957 | 4.12% | 49,486 | 47,529 | 1,957 | 4.12% |
| Catering | 851 | 3,613 | (2,762) | -76.44% | 851 | 3,613 | (2,762) | -76.44% |
| Point | 3,754 | 3,227 | 527 | 16.33% | 3,754 | 3,227 | 527 | 16.33% |
| Wellness | 2,700 | 600 | 2,100 | 350.00% | 2,700 | 600 | 2,100 | 350.00% |
| Rental Income | 252,344 | 247,419 | 4,924 | 1.99% | 252,344 | 247,419 | 4,924 | 1.99% |
| Management Fees | 5,508 | 5,508 | - | 0.00% | 5,508 | 5,508 | - | 0.00% |
| Media Fees | 53,523 | 56,027 | (2,504) | -4.47% | 53,523 | 56,027 | (2,504) | -4.47% |
| Housekeeping - Revenue | 514 | - | 514 | 100% | 514 | - | 514 | 100% |
| Maintenance - Revenue | 400 | 1,107 | (707) | -63.87% | 400 | 1,107 | (707) | -63.87% |
| Transportation - Revenue | 2,610 | 5,920 | (3,310) | -55.91% | 2,610 | 5,920 | (3,310) | -55.91% |
| Other | 2,678 | 3,681 | (1,002) | -27.23% | 2,678 | 3,681 | (1,002) | -27.23% |
| Resident and other services charges, | | | | | | | | |
| net of contractual allowances | 6,519,859 | 6,371,669 | 148,189 | 2.33% | 6,519,859 | 6,371,669 | 148,189 | 2.33% |
| Amortized Entrance Fees | 197,434 | 262,143 | (64,709) | -24.68% | 197,434 | 262,143 | (64,709) | -24.68% |
| | 6,717,293 | 6,633,812 | 83,480 | 1.26% | 6,717,293 | 6,633,812 | 83,480 | 1.26% |
| Benevolent Discounts | 81,899 | 48,918 | 32,981 | 67.42% | 81,899 | 48,918 | 32,981 | 67.42% |
| Net Operating Revenues | 6,635,394 | 6,584,894 | 50,500 | 0.77% | 6,635,394 | 6,584,894 | 50,500 | 0.77% |
| Operating expenses | | | | | | | | |
| Wages and Benefits | 4,595,164 | 4,142,956 | 452,208 | 10.92% | 4,595,164 | 4,142,956 | 452,208 | 10.92% |
| Dining Services | 326,123 | 319,583 | 6,540 | 2.05% | 326,123 | 319,583 | 6,540 | 2.05% |
| Supplies and Pharmacy | 172,201 | 154,925 | 17,276 | 11.15% | 172,201 | 154,925 | 17,276 | 11.15% |
| Environmental Services | 283,358 | 231,456 | 51,903 | 22.42% | 283,358 | 231,456 | 51,903 | 22.42% |
| Utilities Expense | 302,461 | 284,329 | 18,132 | 6.38% | 302,461 | 284,329 | 18,132 | 6.38% |
| Technology Expense | 313,723 | 268,563 | 45,160 | 16.82% | 313,723 | 268,563 | 45,160 | 16.82% |
| Insurance | 119,487 | 131,909 | (12,422) | -9.42% | 119,487 | 131,909 | (12,422) | -9.42% |
| Professional Fees | 65,370 | 76,405 | (11,035) | -14.44% | 65,370 | 76,405 | (11,035) | -14.44% |
| Marketing Expense | 52,406 | 67,428 | (15,022) | -22.28% | 52,406 | 67,428 | (15,022) | -22.28% |
| Community Services | 65,230 | 16,664 | 48,566 | 291.44% | 65,230 | 16,664 | 48,566 | 291.44% |
| General and Administrative Expense | 93,405 | 140,614 | (47,208) | -33.57% | 93,405 | 140,614 | (47,208) | -33.57% |
| Interest Expense - Deferred Financing | 39,650 | 29,053 | 10,597 | 36.47% | 39,650 | 29,053 | 10,597 | 36.47% |
| Interest - Operating Expenses | 790,568 | 812,853 | (22,285) | -2.74% | 790,568 | 812,853 | (22,285) | -2.74% |
| Bad Debt | 30,000 | 30,000 | - | 0.00% | 30,000 | 30,000 | - | 0.00% |
| Depreciation and Amortization | 992,671 | 892,123 | 100,549 | 11.27% | 992,671 | 892,123 | 100,549 | 11.27% |
| Loss on Impairment or Disposal | - | (1,950) | 1,950 | -100.00% | - | (1,950) | 1,950 | -100.00% |
| Other Operating Expense | - | - | - | 100% | - | - | - | 100% |
| Total operating expenses | 8,241,819 | 7,596,911 | 644,907 | 8.49% | 8,241,819 | 7,596,911 | 644,907 | 8.49% |
| Income (loss) from operations | (1,606,424) | (1,012,017) | (594,408) | 58.73% | (1,606,424) | (1,012,017) | (594,408) | 58.73% |
| Non-operating income, net | | | | | | | | |
| Donations - Restricted | 217,480 | 24,174 | 193,307 | 799.66% | 217,480 | 24,174 | 193,307 | 799.66% |
| Donations - Unrestricted | 4,981 | 2,721 | 2,261 | 83.08% | 4,981 | 2,721 | 2,261 | 83.08% |
| Dividends | 32,437 | 28,314 | 4,123 | 14.56% | 32,437 | 28,314 | 4,123 | 14.56% |
| Interest | 67,814 | 35,780 | 32,033 | 89.53% | 67,814 | 35,780 | 32,033 | 89.53% |
| Royalty | 81,116 | 24,403 | 56,713 | 232.40% | 81,116 | 24,403 | 56,713 | 232.40% |
| Realized Gain (Losses) | 67,944 | 52,021 | 15,924 | 30.61% | 67,944 | 52,021 | 15,924 | 30.61% |
| Unrealized Gain (Losses) | 49,255 | 21,526 | 27,730 | 128.82% | 49,255 | 21,526 | 27,730 | 128.82% |
| Change in Net Interest of CCYF | - | - | - | 100% | - | - | - | 100% |
| Total non-operating income, net | 521,027 | 188,938 | 332,089 | 175.77% | 521,027 | 188,938 | 332,089 | 175.77% |
| Change in net assets | \$ (1,085,397) | \$ (823,079) | \$ (262,318) | 31.87% | \$ (1,085,397) | \$ (823,079) | \$ (262,318) | 31.87% |

C.C. Young
Unaudited Statement of Cash Flow
June 30, 2017

| | <u>Year to Date</u> |
|---|---------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ (1,085,397) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation and amortization | 992,671 |
| (Gain)Loss on disposal or impairment of capital assets | - |
| Amortized entrance fees | (197,434) |
| Provision for doubtful accounts and uncollectible pledges | 30,000 |
| Realized (gains)losses on sale of investments | (67,944) |
| Unrealized (gains)losses on investments | (49,255) |
| Changes in operating assets and liabilities | |
| Accounts receivable | (196,222) |
| Pledges receivable | - |
| Bequests receivable | (2,395) |
| Other assets | 172,260 |
| Notes payable | (42,120) |
| Accounts payable | (58,872) |
| Accrued interest payable | 2,839,299 |
| Other accrued liabilities | 180,713 |
| Net cash provided from (used in) operating activities | <u>2,515,305</u> |
| Cash flows from investing activities | |
| Purchases and sales of investments, net | 4,219,046 |
| Purchases of property and equipment, net | (8,373,382) |
| Net cash provided from (used in) investing activities | <u>(4,154,336)</u> |
| Cash flows from financing activities | |
| Entrance fees and deposits received | 1,385,460 |
| Entrance fees and deposits refunded | (1,098,300) |
| Deferred marketing costs, net | 141,472 |
| Deferred financing costs, net | 39,650 |
| Borrowings and repayment of long-term debt, net | - |
| Net cash provided from (used in) financing activities | <u>468,282</u> |
| Net increase (decrease) in cash and cash equivalents | (1,170,749) |
| Cash and cash equivalents, beginning of year | 6,561,796 |
| Cash and cash equivalents, end of year | <u>\$ 5,391,047</u> |

C.C. Young Obligated Group
Debt Service Coverage Ratio
Three Months Ended June 30, 2017

| | <u>6/30/2017</u> |
|---|----------------------------|
| Revenues | \$ 6,635,394 |
| Plus: | |
| Unrestricted contributions | 222,461 |
| Non-operating revenues | 181,367 |
| Entrance fees on existing facilities | 1,385,460 |
| Realized gains on investments | 67,944 |
| Less: | |
| Entrance fees amortized during the fiscal year | (197,434) |
| Entrance fees refunded to residents | (1,098,300) |
| Unrealized gains on investments | |
| Gains on sale of capital assets not in the ordinary course of business | |
| Earnings from write-up in value of capital assets | |
| Insurance proceeds other than business interruption | |
| Any revenues recognized from deferred revenues related to Entrance Fees | |
| Revenues as defined | <u>7,196,892</u> |
| Expenses | 8,241,819 |
| Realized losses on investment securities | - |
| Less: | |
| Interest on Funded Indebtedness | (790,568) |
| Depreciation and amortization | (992,671) |
| Extraordinary expenses | |
| Losses on sale of assets except in the ordinary course of business | |
| Losses on the extinguishment of debt or termination of pension plans | |
| Unrealized losses on investments | |
| Losses on write-down of assets other than bad debts | |
| Other non-cash expenses | (30,000) |
| Development, marketing, operating or other management fees that have been deferred | |
| Expenses as defined | <u>6,428,580</u> |
| Income Available for Debt Service as defined | 768,312 |
| Release of Restricted Assets | |
| Income Available for Debt Service as adjusted | <u><u>\$ 768,312</u></u> |
| Debt Service Requirements | |
| Less: | |
| Principal and Interest on Funded Indebtedness | \$ 1,051,539 |
| Interest expense to the extent Funded Interest is available to pay such interest | |
| Principal to the extent that amounts are on deposit in an irrevocable escrow | |
| Principal to the extent that amounts that were initially deposited and are continuing to be on deposit in a debt service reserve fund | |
| Debt Service Requirements as defined | <u><u>\$ 1,051,539</u></u> |
| Historical Debt Service Coverage Ratio as defined | <u>0.73</u> |
| Required Debt Service Coverage Ratio as defined | <u>1.20</u> |

C.C. Young Obligated Group
Days Cash on Hand
June 30, 2017

| | <u>6/30/2017</u> |
|---|----------------------|
| Cash and cash equivalents | \$ 5,391,047 |
| Short-term investments | 351,349 |
| Investments | 7,890,090 |
| Total cash and investments as defined | <u>\$ 13,632,486</u> |
| Total operating expenses | \$ 8,241,819 |
| Less: | |
| Non-cash expenses | (30,000) |
| Depreciation and amortization | (992,671) |
| Total operating expenses as defined | <u>\$ 7,219,148</u> |
| Divide annualized operating expenses as defined by 91 | <u>\$ 79,331</u> |
| Days cash on hand | <u>172</u> |

**C. C. Young Memorial Home
Management's Discussion and Analysis
Quarter Ended June 30, 2017**

Total assets were \$227,068,831 at June 30, 2017 compared to \$91,150,631 at June 30, 2016. Current assets increased \$7,029,642 from June 30, 2016 to June 30, 2017. The increase was primarily due to reimbursement of Vista project pre-development costs. Total property and equipment increased \$15,141,448 from June 30, 2016 to June 30, 2017. The increase was due to pre-development and construction activity of the Vista. Total assets Limited as To Use increased \$113,801,428 from June 30, 2016 to June 30, 2017. The increase was due to deposits made to bond trustee accounts related to the Vista project. Total other assets decreased \$393,474 from June 30, 2016 to June 30, 2017. The decrease was primarily due to reclassification of deferred financing costs as long-term debt for financial statement presentation. Current liabilities increased \$10,562,774 from June 30, 2016 to June 30, 2017. Accrued interest payable and other accrued liabilities increased \$3,070,918 and \$5,888,956 respectively from June 30, 2016 to June 30, 2017. Long-term liabilities increased \$128,510,219 from June 30, 2016 to June 30, 2017. The increase was primarily due to construction payables related to the Vista and interest due on bonds issued for the Vista. Refundable entrance fee liability increased \$592,330 primarily due to the collection of entrance fees from residents occupying units in the Overlook and Asbury. Deferred financing cost increased \$2,690,405 from June 30, 2016 to June 30, 2017 due to the issuance of the Series 2016 bonds. Long-term debt increased \$130,641,182 due to funds issued for the Vista financing.

Net operating revenues increased \$50,500 for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. The increase was primarily due to increases in hospice and home health census partially offset by a reduction in Medicare census. Net operating revenues were approximately 6% less than the budget amount for the three months ended June 30, 2017. Revenues were less than budget primarily due to census of Medicare and Home Health less than forecast. Total operating expenses increased \$644,907 for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. The increase was primarily due to an additional pay period that was

reflected in a subsequent quarter the previous year. Total operating expenses were approximately 4% less than budget for the three months ended June 30, 2017. The decrease was primarily due to unfilled nursing, dining and housekeeping staff positions. Non-operating income increased \$332,089 for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. The increase was primarily due to increases in capital campaign contributions.

Cash and cash equivalents increased \$6,374,099 from June 30, 2016 to June 30, 2017. The increase was due to reimbursement of pre-development and construction costs of the Vista. The Company had \$7,890,090 of unrestricted marketable securities to enhance liquidity at June 30, 2017.

APPENDIX A Officer's Certificate



June 30, 2017

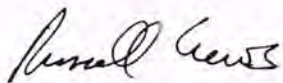
Madelyn Wallace
UMB
5910 N. Central Expy, Suite 1900
Dallas, Texas 75206

Re: June 30, 2017 Quarterly Status Report Officer's Certificate

Dear Ms. Wallace:

In accordance with the requirements of the Master Trust Indenture for C. C. Young Memorial Home, I hereby state that the quarterly status report reflects the calculation of the marketing levels for project as of the last day of such month, a summary statement of the status of the construction, unaudited financial reports on the development costs of the project incurred during that month, and statements of the balances for each fund and account, all in reasonable detail.

Sincerely,



Russell Crews
President and CEO