

FINANCIAL REPORT 2016

2016 was a year of change for Pilgrim Place. Organizational changes occurred in leadership, endowment investment advisors, financial sustainability methodology and debt financing. Pilgrim Place is excited by its change of investment advisors to RBC, who will be creating a portfolio of Socially Responsible Investments that align with its ethos and culture. In November, the organization refinanced its major debt in the form of tax exempt bonds with Cal-Mortgage, utilizing Cain Bros & Company LLC as its underwriter. Approximately \$20M of bonds were refunded and an additional \$9M was borrowed for new capital infrastructure and improvements. Savings over the life of the new bond debt structure is estimated at \$1.56M.

Overall, unrestricted net assets decreased \$5.4M, or \$696k after adjusting for the paper loss on the debt refunding. Operating income was \$726k, other income contributed \$801k, and net assets decreased \$250k net of the debt refunding and borrowing. Operational cash flow used \$534k of the debt refunding and borrowing.

FINANCIAL RESULTS

Revenue was generated primarily from rents and fees (95% in 2016). Gifts, donations, and endowment income continue to play a vital role in keeping overall operations in the black, since revenue/expense from operations alone would result in a financial deficit. The change in financial sustainability methodology enacted for the 2017 budget seeks to balance operating revenue and expenses. However, the benevolence of residents, friends, churches and organizations enable us to continue to provide the highest quality care and services to our residents.

The value of our Gift Annuity Portfolio at the end of 2016 was approximately \$788k. Pilgrim Place recognizes contributions from supporters through estate planning and direct gifts that benefit the endowment through a variety of campaigns overseen by its Advancement Office. Many have included Pilgrim Place in their wills.

The Pilgrim Place endowment increased in value approximately 4.03%, or \$334k in 2016. The support provided to operations was approximately \$287k As of December 31, 2016 the total market value of the endowment was \$8.9M.

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INCOME & EXPENSES

OPERATIONS

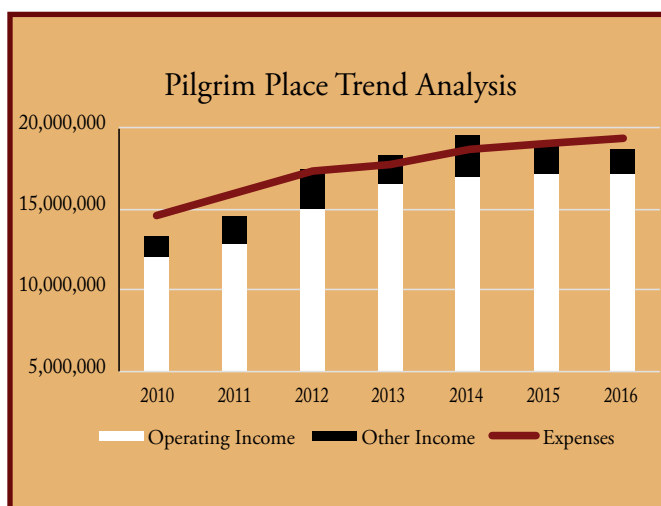
Rents & Fees	\$ 17,927,056
Expenses	\$ 13,143,667
G&A	\$ 4,057,825
Depreciation	\$ 2,222,450
Operating<Deficit>	\$ <1,496,886>

OTHER INCOME

Endowment/Investments	\$ 270,680
Donor Support	\$ 291,972
Loss on Debt Extinguishment	\$ <4,748,084>
Net Revenue over Expense	\$ <5,682,319>

OTHER CHANGES

Other Gifts	\$ 238,262
Net increase (Decrease)	
Unrestricted Assets	\$ 5,444,057



CAPITAL IMPROVEMENTS

TOTAL \$2.8M

During 2016 Pilgrim Place continued its commitment to maintain and upgrade houses, facilities, and grounds. An investment of \$2.8M went to capital improvements on campus, such as house preps and renovations, HSC and Assisted Living remodeling, and repair of other central facilities.

The financial summary is based on audited records. The independent audit report by Vicenti, Lloyd and Stutzman, Certified Public Accountants, will be available for examination upon request.

