

Financial Summary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION December 31, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Cash and cash equivalent	\$2,878,393	\$2,140,716
Patient accounts receivable, net of allowance for doubtful accounts of \$35,000 in 2006 and 2005	1,152,131	828,423
Other accounts receivable	510,613	62,290
Supplies inventory	36,628	35,386
Prepaid expenses	<u>319,114</u>	<u>136,544</u>
	4,896,879	3,203,359
INVESTMENTS		
Marketable securities	2,979,647	2,773,505
Real estate held for investment	<u>61,875</u>	<u>61,875</u>
	3,041,522	2,835,380
LAND, BUILDINGS AND EQUIPMENT		
Land	1,033,757	1,033,757
Land improvements	571,837	556,741
Buildings	17,493,635	17,318,876
Equipment	<u>2,896,010</u>	<u>2,758,853</u>
	21,995,239	21,668,227
Less accumulated depreciation	<u>14,311,974</u>	<u>13,389,333</u>
	7,683,265	8,278,894
Construction in progress	<u>94,682</u>	<u>30,351</u>
	7,777,947	8,309,245
OTHER ASSETS		
Patient trust funds	19,280	15,937
Bond reimbursement fund	177,979	162,604
Debt issuance costs, net of accumulated amortization of \$146,749 in 2006 and \$127,047 in 2005	207,598	227,300
Other	<u>39,612</u>	<u>37,848</u>
	444,469	443,689
	<u>\$16,160,817</u>	<u>\$14,791,673</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Trade accounts payable	\$254,225	\$214,127
Accrued expenses	714,477	731,457
Current portion of long-term debt	<u>257,452</u>	<u>236,119</u>
	1,226,154	1,181,703
OTHER LIABILITIES		
Deposits from prospective residents	111,000	121,000
Deposits held in custody for others	<u>19,280</u>	<u>15,937</u>
	130,280	136,937
LONG-TERM DEBT , less portion due within one year classified as a current liability		
	6,514,355	6,771,808
DEFERRED ENTRANCE FEES		
	3,372,937	3,185,863
ANNUITIES PAYABLE		
	<u>265,214</u>	<u>301,071</u>
	11,508,940	11,577,382
NET ASSETS		
Unrestricted	4,478,184	3,038,190
Temporarily restricted	<u>173,693</u>	<u>176,101</u>
	4,651,877	3,214,291
	<u>\$16,160,817</u>	<u>\$14,791,673</u>

CONSOLIDATED STATEMENTS OF UNRESTRICTED REVENUES, EXPENSES
AND OTHER CHANGES IN UNRESTRICTED NET ASSETS

Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
UNRESTRICTED REVENUES AND GAINS		
Patient care and resident services income	\$14,458,549	\$13,468,902
Less contractual allowance and provision for bad debts	<u>1,857,664</u>	<u>1,740,490</u>
	12,600,885	11,728,412
Apartment income, including amortization fees of \$95,876 in 2006 and \$89,679 in 2005	763,915	744,447
Sixplex income, including amortization fees of \$565,847 in 2006 and \$568,425 in 2005	1,085,379	1,059,924
Assisted living units income	1,356,218	1,278,505
Contributions	755,180	70,564
Investment income (including loss on sale of land held for investment of \$35,711 in 2005)	126,558	55,098
Net realized and unrealized gains on investment	152,914	69,022
Management services		2,100
Other	440,727	357,332
Net assets released from restrictions	<u>105,851</u>	<u>90,410</u>
	17,387,627	15,455,814
EXPENSES		
Patient care and ancillary services	7,989,426	7,718,544
Admissions	141,549	140,737
Dietary	1,472,334	1,448,122
Activities, volunteer and social services	508,089	511,243
Housekeeping	535,071	515,566
Laundry	197,899	195,894
Chaplaincy	98,278	101,574
Development	154,122	139,413
Building operations and maintenance	1,800,748	1,758,441
Administration	1,572,695	1,497,494
Interest	535,079	557,768
Depreciation and amortization	<u>942,343</u>	<u>950,735</u>
	<u>15,947,633</u>	<u>15,535,531</u>
Increase (Decrease) in Unrestricted Net Assets	<u>\$ 1,439,994</u>	<u>\$ (79,717)</u>

UNAUDITED

Auditors report provided upon request

Note: Although the Tacoma Lutheran Home Foundations assets are segregated from those of Tacoma Lutheran Retirement Community's, they are combined for reporting purposes.

Lenders view both entities as one, with assets of the Foundation included in the calculations that were developed for monitoring the financial performance of the Tacoma Lutheran Home and Retirement Community.

*Our Business Office
and
Financial Team*

Lynette Ladenburg
CFO

Suzanne Messenger
Accounting Assistant

Robin Schuman
Business Office Manager

Steven Appleby
Karen Tuell
Accounts Receivable

Betty Londgren
Accounts Payable

Denise Reher
Payroll

Diane Kirby
Office Assistant