

United Methodist Retirement Communities, Inc.
2nd Quarter 2018 Management Discussion of Financial Performance and Position

The following is a brief Management Discussion of the UMRC Obligated Group's (OG) financial activities, performance, and position **as of and for the six months ended June 30, 2018**.

Disclaimer: This release contains forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of this organization could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to statements of the plans, strategies and objectives of management for future operations; any statements concerning expected development, performance or market share relating to products and services; anticipated operational and financial results; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the achievement of expected results and other risks that are described from time to time in quarterly reports. This organization assumes no obligation and does not intend to update these forward-looking statements.

Organization Overview

United Methodist Retirement Communities, Inc. (UMRC) is a Michigan nonprofit organization governed by a board of trustees that provides housing, healthcare, and other related senior services. The Obligated Group (OG) special purpose combined financials statements are prepared for the combined entities for the purpose of complying with the reporting requirements set forth in the master trust indenture agreements between U.S. Bank, National Association and UMRC. The Obligated Group consists of the following entities:

- Chelsea Retirement Community is a life plan community in Chelsea, Michigan that includes skilled nursing, dementia care, assisted living and independent living services.
- Cedars of Dexter, located in Dexter, Michigan, includes independent living cottages.
- UMRC Foundation has a primary purpose of management, stewardship and allocation of funds; creation and implementation of long and short-term fund development plans; donor communication; and recognition of certain activities and programs. UMRC is the sole corporate member of the Foundation.
- UMRC Corporate Office provides the leadership and administrative oversight and support services for the UMRC Obligated Group. Additionally, the UMRC Corporate Office provides leadership and administrative oversight to related or affiliated entities outside of the obligated group with management and/or development fees charged for services provided.

The following entities would typically be consolidated in accordance with generally accepted accounting principles but are excluded from the Obligated Group according to the Master Trust Indenture:

- UMRC is the sole stockholder in UMRC Detroit AAL, Inc., which holds a .051 % general partner interest in Detroit Affordable Assisted Living Limited Dividend Housing Association Limited Partnership (DAAL). DAAL is an 80-unit elderly affordable assisted-living facility in Detroit, Michigan under the low-income housing tax credit program. The investment in this entity is accounted for under the equity method.

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- UMRC is a 50% sponsor of Rivertown Neighborhood Senior Non-profit Housing Corporation (Rivertown Senior Apartments) which is a HUD 202 low income housing project with 50 independent living apartments.
- UMRC is a 50 % member in Silver Maples of Chelsea (SMOC), a not-for-profit retirement facility which provides independent and assisted living housing and services to the residents in Chelsea, Michigan. The investment in SMOC is accounted for under the equity method.
- UMRC is a 1 % member of Sylvan Pines Limited Dividend Housing Associated, LLC (Sylvan Pines), an affordable housing project in Chelsea, Michigan with which UMRC has a management agreement, and is accounted for under the equity method.
- UMRC is involved in three PACE programs. These programs operate as Programs of All-inclusive Care for the Elderly (PACE). Once an individual has been enrolled in the PACE program, all of his or her medical needs must be provided, according to the participant plan, through the staff of the PACE and its network of providers. The PACE programs UMRC is involved with, and accounts for under the equity method, include:
 - UMRC has a 100% controlling financial interest, as of September 1, 2017, in Washtenaw PACE, Inc. d/b/a Huron Valley PACE that is located in Ypsilanti, Michigan. Prior to that date UMRC had an 80% controlling interest. Huron Valley PACE serves Washtenaw and Monroe Counties as well as parts of Oakland, Wayne and Livingston Counties.
 - UMRC has a 20% financial interest in Senior CommUnity Care of Michigan, located in Lansing, MI. Senior CommUnity Care operates a PACE program serving Ingham, Clinton and Eaton Counties and opened Spring 2015.
 - UMRC has an 80% controlling financial interest in The Cascade PACE, Inc. d/b/a Thome PACE that is located in Jackson, Michigan. Thome PACE operates a PACE program serving in Jackson, Lenawee and Hillsdale Counties and opened March 2016.

Operating Results

The interim financial statements are prepared under the same methodology as the audited year-end financial statements. However, certain items in the interim financial statements may be recorded in different sections of the income statement. Typically, the only material item relates to assets released from restriction. For this report those amounts have been included. Explanations below are for areas that have a variance of 5% or more from budget.

Census

Location	YTD 2018 Budget	YTD 2018 Actual	Variance	YTD 2017 Actual	Variance
CRC Independent Living (163 units YTD)	90.0%	84.7%	(5.3%)	91.8%	(7.2%)
CRC Assisted Living (156 units)	93.7%	84.5%	(9.2%)	94.8%	(10.3%)
CRC Skilled Nursing (85 beds)	88.2%	89.8%	1.6%	88.8%	1.0%
Cedars of Dexter – Ind. Living (60 units)	96.7%	90.7%	(6.0%)	94.0%	(3.3%)

Please note IL units were 132 in 2017 through Q2. We are in the process of constructing 54 additional IL cottages which will bring the total to 176. As of the end of the second quarter of 2018, 41 units had been completed and have been factored into the census calculations. In aggregate, census is

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approximately 5.4% behind budget and 6.7% behind last year. Decrease in assisted living and independent living census is consistent with national trends for the same time period. Focused efforts are in place to increase census across areas of living both in the short term and longer term. We are in the process of converting one memory care neighborhood of 18 beds to traditional assisted living to align with current market demands that we believe should increase assisted living census over the remaining six months of 2018.

Revenue

Overall operating revenue is 2.7%, or \$484k, under budget.

- Net resident revenue \$473k negative (2.9%) due to census in assisted living and IL.
- Life lease revenue is \$63k under budget due to lower census and turnover at Cedars of Dexter.
- Unrestricted contribution revenue is \$41K under budget due to timing of gifts.
- Assets released from restriction are \$100k over budget due to higher grant spending.

Expenses

Overall operating expenses are \$26K over budget (.2%). Key variances include:

- Wages and purchased labor \$155K over budget primarily due to higher skilled nursing staffing costs related to increase in census and environmental services support staffing.
- Utility costs \$22K (5%) over budget due to colder than normal winter and increase in buildings with cottage and master plan construction.
- Repairs and Maintenance is \$85K (11%) over budget due to increased preventive maintenance and significant heating/cooling repairs at CRC as well as significant plowing expenses.
- Provider tax is \$26K (12%) below budget due lower than planned rates as part of 2018 UMRC budget process.
- Misc. Expenses \$87K lower than budget due primarily to data processing costs and travel/education.
- Interest expenses \$44K (6%) due to slower than planned increase in variable interest rates.
- Real estate taxes are \$28K (10%) below budget due to lower rates on new IL units at CRC than anticipated.

Non-Operating Results

The budget for non-operating revenues and expenses includes interest/dividend income, realized and unrealized investment returns, restricted contributions and development expenses. Development expenses primarily relate to corporate office staff time and effort in developing new business opportunities and existing efforts related to UMRC affiliates outside of the obligated group. Variances from budget include:

- Restricted contributions \$2.6M higher than budget and better than full year budget.
- Assets released from restriction are \$100k over budget due to higher grant spending.

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- Development costs \$70K over budget due to increased volume of new projects being evaluated.
- \$300K loss on investment in affiliate due to decreased margin in PACE that is expected to turnaround the 2nd half of the year.
- Overall realized/unrealized investment returns approximate a 1%+ loss year to date due to market volatility.
- Gain in value of swap driven is mainly by market conditions. Over time this should return to \$0 and is the result of swap agreements in place.

Financial Position

Ratio	2017 Year-end	2018 Year-to- Date	CARF Median	CARF 75th
Operating Margin Ratio	1.8%	.4%	1.0%	3.1%
Net Operating Margin Ratio	8.4%	8.6%	6.2%	14.0%
Days Cash on Hand	352	320	315	428
Days in A/R (net of allowances)	21.7	20.2	17	14
Average Age of Plant	12.5	12.2	12.8	11.2
LTD as a % of Total Capital Ratio (rolling 4 quarter)	38.6%	41.9%	74.5%	54.6%
Debt Service Coverage Ratio	2.4	2.5	2.5	4.0

Overall financial position for the Obligated Group continues to be strong compared to peers. Key ratios show the following:

- Operating margin is just below median and net operating ratio is between the 50th and 75th percentile, indicating continued solid operating performance
- Days cash on hand is between the 50th and 75th percentile of peer organizations and indicates more than adequate cash reserves.
- Days in A/R are above median. Efforts are focused on reducing time to collect.
- Average age of plant is improved in 2017-18 due to significant main campus investments. These are planned to be continued over the next 2-3 years.
- Long-term debt to capital is better than the 75th percentile of peer organizations, indicating relatively low debt leverage.
- Debt service coverage ratio and days cash on hand between 50th and 75th percentile and exceed threshold amounts from the master trust indenture of 1.35 and 175 respectively.

Capital Financing

As of June 30, 2018, UMRC OG has 3 outstanding bond issuances, 2 debt guarantees and a revolving loan agreement.

- UMRC Series 2012 limited obligation revenue bonds with an original issuance of \$10M, current principal balance of \$6.7M, with monthly principal and interest payments through the maturity date of November 15, 2027. These are variable rate bonds issued through the Economic Development Corporation of the Village of Chelsea and concurrently acquired by a financial institution as part of a bond purchase agreement.

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The bond purchase agreement has a mandatory tender date of November 1, 2019 that was extended to November 15, 2027 as of December 29, 2017. These bonds carry a variable interest rate of 65% of the combined one-month LIBOR and 115 basis points through November 15, 2017, increasing to a variable interest rate of 65% of the combined one-month LIBOR and 153 basis points thereafter. An interest rate swap was entered into that essentially fixes the interest rate at 2.2% on 50 percent of the outstanding principal balance. The interest rate swap expires November 1, 2019. A forward interest rate swap was entered into December 29, 2017, effective November 1, 2019 through November 15, 2027, that essentially fixes the interest rate at 2.83% on 50 percent of the outstanding principle amount.

- UMRC Series 2013 limited obligation revenue bonds with an original issuance of \$11M, current principal balance of \$10.4M, with annual principal payments and semi-annual interest payments through the maturity date of November 15, 2043. These are fixed rate bonds issued through the Michigan Strategic Fund. These bonds carry an average fixed interest rate of 6.02%.
- UMRC Series 2014 limited obligation revenue bonds with an original issuance of \$11.5M, current principal balance of \$10.4M, that were used to partially fund the construction of the Cedars of Dexter. The bond purchase agreement has a mandatory tender date of December 15, 2024. The Series 2014 bonds carry a variable interest rate of 67% of one-month LIBOR plus 1.0988% payable in monthly installments of principal and interest with a maturity date of January 1, 2041. An interest swap was entered into in 2015 that essentially fixed the interest rate at 2.795 percent on 50 percent of the principal balance of the series 2014 bonds. The interest rate swap expires December 15, 2024.
- On December 19, 2014 Thome PACE closed on a \$4M line of credit to fund construction of the building. This borrowing is recorded on the Thome PACE financials but is guaranteed by the UMRC OG. The balance in this line of credit is \$3.5M as of June 30, 2018.
- On January 17, 2018 Huron Valley PACE closed on a \$5.5M loan to fund construction of an expansion to the existing PACE building. This borrowing will be recorded on the Huron Valley PACE financials but is guaranteed by the UMRC OG. The balance in this line of credit is \$.1M as of June 30, 2018.
- On October 5, 2016 UMRC closed on a \$15M revolving loan agreement. The agreement has a five-year term, with a tender date of October 5, 2021 at which time the entire principle amount is due. No principle amounts are due until the tender date with the ability for optional prepayment of principle. The revolving loan agreement carries a variable interest rate of one-month LIBOR plus 1.59% payable in monthly installments. Disbursements are made upon bank approval of advance requests and are limited to costs related to independent living cottages, skilled nursing renovations and wellness center construction costs on the Chelsea Retirement Community campus. As of June 30, 2018, there was \$13.3M principle balance outstanding. Effective December 29, 2017, this revolving loan agreement was amended to increase the amount available to \$20M until December 31, 2019. All other terms remain the same.

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The bonds and revolving loan agreement are collateralized by a mortgage on certain real estate and related buildings and land of UMRC and guaranteed by the UMRC Foundation. Under the terms of the limited obligation revenue bond agreements, revolving loan agreement and master trust indenture, UMRC is limited in additional borrowings and is required to satisfy certain measures of financial performance as long as the bonds are outstanding, including minimum liquidity and minimum debt service coverage.

Questions are welcome and can be directed to:

Steve Fetyko, Vice President and CFO - 734-433-100 ext. 7511 or sfetyko@umrc.com

Attached are interim financial statements as of, and for the period ending, June 30, 2018.

**UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP
COMBINED BALANCE SHEET**

ASSETS	LIABILITIES AND NET ASSETS			
	<u>6/30/2018</u>	<u>12/31/2017</u>		
	<u>6/30/2018</u>	<u>12/31/2017</u>		<u>6/30/2018</u>
				<u>12/31/2017</u>
CURRENT ASSETS			CURRENT LIABILITIES	
Cash and cash equivalents	6,185,937	9,273,311	Current portion of long-term debt	1,162,713
Cash held in escrow	9,251,023	6,664,678	Life Lease Deposits	743,058
Contributions Receivable - Current	5,103,546	3,629,270	Accounts payable	1,945,887
Due from Affiliate	260,892	269,766	Due to Affiliate	-
Accounts Receivable	1,757,991	1,830,242	Accrued and other liabilities	1,736,087
Investments	2,986,222	2,966,646	Deferred Life Lease Revenue	5,780,569
Assets limited as to use	302,436	135,482	Liability under split-interest agreements	12,432
Prepaid expenses and other current assets	923,022	890,812	Total current liabilities	11,380,746
Total current assets	26,771,069	25,660,207		
			LONG TERM DEBT	39,771,395
CONTRIBUTIONS RECEIVABLE	2,987,257	3,037,721		36,372,505
			REFUNDABLE LIFE LEASE PROCEEDS	13,516,951
INVESTMENTS	31,635,851	32,245,187		12,572,696
			INTEREST RATE SWAP	(63,609)
CEDARS OF DEXTER CONTINGENCY FUND	-	-		100,346
			LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	58,175
LIMITED USE FUNDS			Total liabilities	64,663,658
Debt Service Reserve Fund	814,055	813,190		60,223,229
Restricted Deposit	200,000	200,000	NET ASSETS	
Total Limited Use Funds	1,014,055	1,013,190	Unrestricted:	
			Undesignated	23,056,079
PROPERTY AND EQUIPMENT	73,171,301	66,071,788	Board designated	32,109,652
			Total unrestricted	55,165,731
OTHER ASSETS			Restricted:	
Loan to Affiliate	983,006	1,067,657	Temporarily restricted	14,456,719
Bond issue costs & Bond Discount	1,024,775	1,078,100	Permanently restricted	10,909,598
Pledged Assets held by Affiliate	-	-	Total restricted	25,366,317
Investment in Affiliate	7,206,462	7,471,360		
Beneficial Interest in Perpetual Trusts	401,930	401,930	Total net assets	80,532,048
Total other assets	9,616,173	10,019,047		77,823,911
			Total liabilities and net assets	145,195,706
Total assets	145,195,706	138,047,140		138,047,140

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

6/30/2018

**6/30/2017
Actual**

	Actual						Budget						
	Chelsea Retirement Community	Cedars of Dexter	UMRC Foundation	UMRC Corporate Office	Inter-Co Eliminations	Total	Chelsea Retirement Community	Cedars of Dexter	UMRC Foundation	UMRC Corporate Office	Inter-Co Eliminations	Total	
Operating revenue:													
Net resident revenue	14,889,230	994,526	-	-	-	15,883,756	15,280,555	1,075,734	-	-	-	16,356,289	15,264,305
Life Lease revenue	149,749	231,043	-	-	-	380,792	125,000	318,734	-	-	-	443,734	363,597
Unrestricted Contributions	-	-	158,528	-	-	158,528	-	-	199,600	-	-	199,600	188,450
Assets released from restriction	500,000	-	-	-	-	500,000	400,000	-	-	-	-	400,000	500,000
Other	164,837	(1,917)	-	1,321,513	(928,627)	555,806	170,505	4,200	-	1,317,178	(928,627)	563,256	449,344
Total operating revenue	15,703,816	1,223,652	158,528	1,321,513	(928,627)	17,478,882	15,976,060	1,398,668	199,600	1,317,178	(928,627)	17,962,879	16,765,696
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	7,260,806	221,008	289,988	841,863	-	8,613,665	6,997,537	232,915	309,989	918,426	-	8,458,867	8,156,231
Employee benefits	1,661,457	50,262	98,357	264,791	-	2,074,867	1,684,237	55,093	102,647	255,531	-	2,097,508	1,885,026
Food	553,387	29,985	-	-	-	583,372	544,527	50,500	-	-	-	595,027	599,912
Medical care	401,782	-	-	-	-	401,782	410,878	-	-	-	-	410,878	404,108
Utilities	370,788	41,042	-	-	-	411,830	355,600	35,600	-	-	-	391,200	409,959
Repairs and maintenance	707,156	166,806	-	-	-	873,962	621,750	166,745	-	-	-	788,495	837,229
Supplies	285,652	14,488	-	-	-	300,140	273,397	28,425	-	-	-	301,822	323,903
Provider tax	182,525	-	-	-	-	182,525	208,964	-	-	-	-	208,964	173,897
Bad debts	64,152	-	-	-	-	64,152	64,152	-	-	-	-	64,152	62,500
Miscellaneous	1,633,714	122,788	211,735	259,611	(928,627)	1,299,221	1,631,938	137,428	289,165	256,857	(928,627)	1,386,761	1,083,279
Depreciation	1,695,289	326,874	10,118	52,950	-	2,085,231	1,748,450	326,874	10,118	52,950	-	2,138,392	1,827,936
Interest expense	567,808	137,965	-	-	-	705,773	604,588	145,770	-	-	-	750,358	574,744
Grant Distributions	-	-	20,216	-	-	20,216	-	-	22,000	-	-	22,000	42,315
Real estate taxes	109,767	155,774	-	-	-	265,541	134,364	159,408	-	-	-	293,772	369,364
Total operating expenses	15,494,283	1,266,992	630,414	1,419,215	(928,627)	17,882,277	15,280,382	1,338,758	733,919	1,483,764	(928,627)	17,908,196	16,750,403
Operating Income (Loss) - before other operating activities	209,533	(43,340)	(471,886)	(97,702)	-	(403,395)	695,678	59,910	(534,319)	(166,586)	-	54,683	15,293
Non Operating Income (Expense)													
Restricted Contributions	-	-	4,632,948	-	-	4,632,948	-	-	2,025,000	-	-	2,025,000	145,729
Assets released from restrictions	(500,000)	-	-	-	-	(500,000)	(400,000)	-	-	-	-	(400,000)	(500,000)
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(162,040)	-	(162,040)	-	-	-	(91,751)	-	(91,751)	(197,687)
Investment in Affiliate	-	-	-	(297,962)	-	(297,962)	-	-	-	-	-	-	(33,899)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Income/Expense	-	-	(303,363)	-	-	(303,363)	-	-	(379,117)	-	-	(379,117)	-
Interest/Dividend Income	-	-	161,545	-	-	161,545	-	-	200,000	-	-	200,000	150,402
Realized Investment Gains	-	-	1,305,113	-	-	1,305,113	-	-	-	-	-	-	36,839
Unrealized Investment Gains/(losses)	-	-	(1,888,666)	-	-	(1,888,666)	-	-	-	-	-	-	1,994,021
Transfer to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Value of Swaps	51,300	112,655	-	-	-	163,955	-	-	-	-	-	-	14,291
Change in Net Assets	(239,167)	69,315	3,435,691	(557,704)	-	2,708,135	295,678	59,910	1,311,564	(258,337)	-	1,408,815	1,624,989

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
QUARTER ENDED 6/30/2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	2,708,137
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	2,085,231
Amortization of Deferred Life Lease Revenue	(380,792)
Amortization of bond issue costs	53,325
Realized and unrealized (gains)/loss on investments	583,553
Loss on disposal of fixed assets	-
Bad debt expense	64,152
Decrease (Increase) in operating assets:	
Accounts receivable	8,099
Prepaid expenses and other current assets	(32,210)
Contribution receivable	(1,423,812)
Increase (decrease) in operating liabilities:	
Accounts payable	(217,068)
Accrued and other liabilities	(210,692)
Interest Rate Swap	(163,955)
Liability under split-interest agreements	(6,024)
Net cash provided by operating activities	<u>3,067,944</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(9,184,744)
Change in escrows and reserves	(2,754,164)
Purchase of investments	(1,673,958)
Proceeds from sale of investments	1,680,165
Investment in related organizations	<u>358,423</u>
Net cash used in investing activities	<u>(11,574,278)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	2,545,490
Refunds of life lease entrance fees	(525,420)
Payment of bond issuance costs	-
Proceeds from issuance of debt	3,704,213
Principal payments on long-term debt	(305,323)
Net cash provided by (used in) financing activities	<u>5,418,960</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(3,087,374)</u>
CASH AND CASH EQUIVALENTS - Beginning of year	<u>9,273,311</u>
 CASH AND CASH EQUIVALENTS - End of period	<u>6,185,937</u>

**United Methodist Retirement Communities
 Census Report - Attachment to Exhibit C
 Chelsea Retirement Community (CRC)**

Jun-18

Location	Jun-18 Budget	Jun-18 Actual	Variance	Jun-17 Actual	Variance		YTD 2018 Budget	YTD 2018 Actual	Variance	YTD 2017 Actual	Variance
CRC Independent Living											
Average Census	148.00	134.76	-13.24	124.13	10.63		143.00	134.62	-8.38	119.19	15.43
Average Occupancy %	93.08%	84.75%	-8.33%	94.04%	-9.28%		89.94%	84.67%	-5.27%	91.84%	-7.17%
Resident Days	4,440	4,043	-397	3,421	622		25,749	24,366	-1,383	21,244	3,122
CRC Glazier AL/Commons											
Average Census	64.00	65.20	1.20	63.27	1.93		64.00	64.28	0.28	63.48	0.80
Average Occupancy %	96.97%	98.79%	1.82%	95.86%	2.92%		96.97%	97.40%	0.43%	96.18%	1.22%
Resident Days	1,920	1,956	36	1,898	58		11,584	11,635	51	11,553	82
Towsley Village											
Average Census	84.00	67.00	-17.00	81.23	-14.23		84.00	69.30	-14.70	86.38	-17.08
Average Occupancy %	91.30%	72.83%	-18.48%	88.29%	-15.47%		91.30%	75.33%	-15.97%	95.98%	-20.65%
Resident Days	2,520	2,010	-510	2,437	-427		15,204	12,544	-2,660	15,721	-3,177
Kresge Nursing											
Average Census	75.00	69.57	-5.43	68.57	1.00		75.00	76.37	1.37	75.48	0.89
Average Occupancy %	88.24%	81.85%	-6.39%	80.67%	1.18%		88.24%	89.85%	1.61%	88.80%	1.05%
Resident Days											
Private	330	406	76	506	-100		1,991	2,324	333	1,929	395
Medicaid	900	961	61	694	267		5,430	6,347	917	4,758	1,589
Medicare	630	454	-176	584	-130		3,801	3,416	-385	4,621	-1,205
Medicare HMO	300	254	-46	208	46		1,810	1,587	-223	2,022	-435
Commercial Ins	90	12	-78	65	-53		543	149	-394	407	-258
Total	2,250	2,087	-163	2,057	30		13,575	13,823	248	13,737	86

Census	
YTD 2018	Jun-18
86.31%	84.75%
YTD 2017	Jun-17
93.02%	90.81%

The Cedars of Dexter Independent Living

Capacity							60				
Average Census	58.00	55.00	-3.00	56.00	-1.00		58.00	54.17	-3.83	56.40	-2.23
Average Occupancy %	96.67%	91.67%	-5.00%	93.33%	-1.67%		96.67%	90.28%	-6.38%	94.00%	-3.72%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (7/1/17-6/30/18)	
Change in Unrestricted Net Assets	4,158,797
Plus:	
Entrance Fees Received - net	7,157,608
Less Initial Entrance Fees Received	(6,383,384)
Depreciation, Amortization	3,887,971
Interest Expense	1,328,342
Other Adjustments	
Unrealized (Gains) / Losses in Investments	237,739
Unrealized (Gains) / Losses in Joint Venture	(2,010,127)
Change in Value of Swap	(192,346)
Loss on disposal of assets	119,008
Less:	
Refunds on Entrance Fees	(562,709)
Amortization of Entrance Fees	(753,217)
Net Income Available for Debt Service	6,987,682
Historical Annual Debt Service Requirement:	2,535,935
Historical Debt Service Coverage Ratio	2.76
Liquidity Ratio	
(i) Unrestricted Cash and Investments	27,332,410
(ii) Operating Expenses (incl. dev. Exp)	35,283,708
Less:	
Depreciation Expense	(3,887,971)
Bad Debt Expense	(178,182)
Adjusted Expenses	31,217,555
(iii) Adjusted Expenses / 365	85,528
(i) / (iii) Days Cash on Hand	319.57