

United Methodist Retirement Communities, Inc.
1st 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 three months ended March 31, 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 in Washtenaw PACE, Inc. d/b/a Huron Valley PACE that is located in Ypsilanti, Michigan as of September 1, 2017. Prior to that date UMRC had a 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 (157 units YTD)	89.2%	87.2%	(2.0%)	93.2%	(6.0%)
CRC Assisted Living (156 units)	93.7%	85.5%	(8.2%)	92.4%	(6.9%)
CRC Skilled Nursing (85 beds)	88.2%	93.5%	5.2%	83.5%	10.0%
Cedars of Dexter – Ind. Living (60 units)	96.7%	90.0%	(6.7%)	93.9%	(3.9%)

Please note IL units were 123 in 2017 through Q1. We are in the process of constructing 54 additional IL cottages which will bring the total to 176. As of the end of the first quarter of 2017, 37 units had been completed and have been factored into the census calculations. In aggregate, census is approximately

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3.5% behind budget and 3.5% 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.

Revenue

Overall operating revenue is .3%, or \$30k, under budget.

- Net resident revenue \$36k positive (.4%) due to census in skilled nursing and assisted living as well as higher than expected 2nd person census in IL.
- Life lease revenue is \$45k under budget due to lower census and turnover at Cedars of Dexter.
- Unrestricted contribution revenue is \$50K under budget due to additional gifts.
- Assets released from restriction are \$50k over budget due to higher grant spending.
- Other revenue is \$22K under budget due management fees from affiliates lower due to affiliate lower revenue.

Expenses

Overall operating expenses are \$60K over budget (.6%). Key variances include:

- Wages and purchased labor \$100K over budget primarily due to higher skilled nursing staffing costs related to increase in census and environmental services support staffing.
- Medical care is \$15k (7%) over budget due to higher SNF census.
- Utility costs \$23K (10%) over budget due to colder than normal winter and increase in buildings with cottage and master plan construction.
- Repairs and Maintenance is \$52K (13%) over budget due to increased preventive maintenance and significant heating/cooling repairs at CRC as well as significant plowing expenses.
- Supplies expenses \$21K (12%) over budget due to higher SNF census.
- Provider tax is \$12K (12%) below budget due lower than planned rates as part of 2018 UMRC budget process.
- Misc. Expenses \$73K lower than budget due primarily to lower marketing and data processing costs.
- Interest expenses \$22K (6%) due to slower than planned increase in variable interest rates.
- Real estate taxes are \$26K (12%) 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:

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- Restricted contributions \$3.5M higher than budget and over the full year budget amounts.
- Assets released from restriction are \$50k over budget due to higher grant spending.
- Overall realized/unrealized investment returns approximate a .6%+ 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%	2.1%	1.0%	3.1%
Net Operating Margin Ratio	8.4%	10.6%	6.2%	14.0%
Days Cash on Hand	352	373	315	428
Days in A/R (net of allowances)	21.7	22.2	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%	41.6%	74.5%	54.6%
Debt Service Coverage Ratio	2.4	2.7	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 and net operating ratio are between the 50th and 75th percentile, indicating solid profitability from operations.
- 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 is between 50th and 75th percentile.
- Debt service coverage ratio and days cash on hand exceed threshold amounts from the master trust indenture of 1.35 and 175 respectively.

Capital Financing

As of March 31, 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 \$6.8M, 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. The bond purchase agreement has a mandatory tender date of November 1, 2019 that

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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 \$10.5M, 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 March 31, 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 \$0M as of March 31, 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 March 31, 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 - 734-433-1000 ext. 7511 or sfetyko@umrc.com

Attached are interim financial statements as of, and for the period ending, March 31, 2018.

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

ASSETS	<u>3/31/2018</u>	<u>12/31/2017</u>	LIABILITIES AND NET ASSETS	<u>3/31/2018</u>	<u>12/31/2017</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	10,583,331	9,273,311	Current portion of long-term debt	1,162,713	1,162,713
Cash held in escrow	7,720,440	6,664,678	Life Lease Deposits	1,076,338	750,110
Contributions Receivable - Current	6,653,752	3,629,270	Accounts payable	2,784,270	2,162,955
Due from Affiliate	248,892	269,766	Due to Affiliate	-	-
Accounts Receivable	1,983,336	1,830,242	Accrued and other liabilities	1,582,965	1,946,779
Investments	2,975,432	2,966,646	Deferred Life Lease Revenue	5,180,689	5,078,494
Assets limited as to use	340,078	135,482	Liability under split-interest agreements	12,432	12,432
Prepaid expenses and other current assets	919,636	890,812	Total current liabilities	11,799,407	11,113,483
Total current assets	31,424,897	25,660,207	LONG TERM DEBT	40,021,271	36,372,505
CONTRIBUTIONS RECEIVABLE	3,009,193	3,037,721	REFUNDABLE LIFE LEASE PROCEEDS	12,225,448	12,572,696
INVESTMENTS	32,013,053	32,245,187	INTEREST RATE SWAP	(17,552)	100,346
CEDARS OF DEXTER CONTINGENCY FUND	-	-	LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	61,187	64,199
LIMITED USE FUNDS			Total liabilities	64,089,761	60,223,229
Debt Service Reserve Fund	809,704	813,190	NET ASSETS		
Restricted Deposit	200,000	200,000	Unrestricted:		
Total Limited Use Funds	1,009,704	1,013,190	Undesignated	23,020,822	23,020,822
PROPERTY AND EQUIPMENT	68,405,846	66,071,788	Board designated	32,849,693	33,173,049
OTHER ASSETS			Total unrestricted	55,870,515	56,193,871
Loan to Affiliate	1,026,102	1,067,657	Restricted:		
Bond issue costs & Bond Discount	1,046,096	1,078,100	Temporarily restricted	14,938,131	10,720,442
Pledged Assets held by Affiliate	-	-	Permanently restricted	10,909,598	10,909,598
Investment in Affiliate	7,471,184	7,471,360	Total restricted	25,847,729	21,630,040
Beneficial Interest in Perpetual Trusts	401,930	401,930	Total net assets	81,718,244	77,823,911
Total other assets	9,945,312	10,019,047	Total liabilities and net assets	145,808,005	138,047,140
Total assets	145,808,005	138,047,140			

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

3/31/2018

**3/31/2017
Actual**

	Actual						Budget						Actual
	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	7,664,321	503,548	-	-	-	8,167,869	7,594,330	537,867	-	-	-	8,132,197	7,616,769
Life Lease revenue	67,479	98,460	-	-	-	165,939	51,870	159,367	-	-	-	211,237	144,230
Unrestricted Contributions	-	-	50,898	-	-	50,898	-	-	99,800	-	-	99,800	34,350
Assets released from restriction	250,000	-	-	-	-	250,000	200,000	-	-	-	-	200,000	250,000
Other	81,872	(1,927)	-	641,370	(464,314)	257,001	85,252	2,100	-	655,973	(464,314)	279,011	230,431
Total operating revenue	8,063,672	600,081	50,898	641,370	(464,314)	8,891,707	7,931,452	699,334	99,800	655,973	(464,314)	8,922,245	8,275,780
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	3,614,594	127,017	149,426	409,688	-	4,300,725	3,460,951	126,682	154,138	455,682	-	4,197,453	4,094,898
Employee benefits	843,333	24,141	48,310	129,426	-	1,045,210	847,471	27,861	52,506	133,870	-	1,061,708	977,086
Food	276,973	6,773	-	-	-	283,746	272,932	20,600	-	-	-	293,532	290,969
Medical care	219,114	-	-	-	-	219,114	204,437	-	-	-	-	204,437	212,555
Utilities	216,411	22,482	-	-	-	238,893	198,450	17,800	-	-	-	216,250	212,618
Repairs and maintenance	345,557	87,835	-	-	-	433,392	322,250	59,625	-	-	-	381,875	379,492
Supplies	163,941	7,911	-	-	-	171,852	136,659	14,212	-	-	-	150,871	173,526
Provider tax	90,967	-	-	-	-	90,967	103,482	-	-	-	-	103,482	86,948
Bad debts	32,076	-	-	-	-	32,076	32,076	-	-	-	-	32,076	31,250
Miscellaneous	700,540	69,650	100,468	144,309	(464,314)	550,653	731,880	81,087	143,033	131,993	(464,314)	623,679	600,110
Depreciation	872,644	163,437	5,058	26,475	-	1,067,614	873,225	163,437	5,058	26,745	-	1,068,465	911,092
Interest expense	279,766	67,088	-	-	-	346,854	296,343	72,885	-	-	-	369,228	279,350
Grant Distributions	-	-	11,406	-	-	11,406	-	-	4,500	-	-	4,500	6,530
Real estate taxes	109,767	77,887	-	-	-	187,654	134,364	79,704	-	-	-	214,068	192,998
Total operating expenses	7,765,683	654,221	314,668	709,898	(464,314)	8,980,156	7,614,520	663,893	359,235	748,290	(464,314)	8,921,624	8,449,422
Operating Income (Loss) - before other operating activities	297,989	(54,140)	(263,770)	(68,528)	-	(88,449)	316,932	35,441	(259,435)	(92,317)	-	621	(173,642)
Non Operating Income (Expense)													
Restricted Contributions	-	-	4,468,029	-	-	4,468,029	-	-	1,012,500	-	-	1,012,500	48,794
Assets released from restrictions	(250,000)	-	-	-	-	(250,000)	(200,000)	-	-	-	-	(200,000)	(250,000)
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(75,797)	-	(75,797)	-	-	-	(46,454)	-	(46,454)	(68,495)
Investment in Affiliate	-	-	-	9,857	-	9,857	-	-	-	-	-	-	(16,371)
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Income/Expense	-	-	(56,112)	-	-	(56,112)	-	-	(60,000)	-	-	(60,000)	-
Interest/Dividend Income	-	-	66,613	-	-	66,613	-	-	-	-	-	-	64,351
Realized Investment Gains	-	-	(5)	-	-	(5)	-	-	-	-	-	-	36,839
Unrealized Investment Gains/(losses)	-	-	(297,705)	-	-	(297,705)	-	-	-	-	-	-	1,274,382
Transfer to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Value of Swaps	38,108	79,790	-	-	-	117,898	-	-	-	-	-	-	29,906
Change in Net Assets	86,097	25,650	3,917,050	(134,468)	-	3,894,329	116,932	35,441	693,065	(138,771)	-	706,667	945,764

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
QUARTER ENDED 3/31/2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	3,894,333
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	1,067,614
Amortization of Deferred Life Lease Revenue	(165,939)
Amortization of bond issue costs	32,004
Realized and unrealized (gains)/loss on investments	297,710
Loss on disposal of fixed assets	-
Bad debt expense	32,076
Decrease (Increase) in operating assets:	
Accounts receivable	(185,170)
Prepaid expenses and other current assets	(28,824)
Contribution receivable	(2,995,954)
Increase (decrease) in operating liabilities:	
Accounts payable	621,315
Accrued and other liabilities	(363,814)
Interest Rate Swap	(117,898)
Liability under split-interest agreements	(3,012)
Net cash provided by operating activities	<u>2,084,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(3,401,672)
Change in escrows and reserves	(1,256,872)
Purchase of investments	(1,074,702)
Proceeds from sale of investments	1,000,340
Investment in related organizations	62,605
Net cash used in investing activities	<u>(4,670,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	247,114
Refunds of life lease entrance fees	-
Payment of bond issuance costs	-
Proceeds from issuance of debt	3,704,213
Principal payments on long-term debt	(55,447)
Net cash provided by (used in) financing activities	<u>3,895,880</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,310,020
CASH AND CASH EQUIVALENTS - Beginning of year	<u>9,273,311</u>
CASH AND CASH EQUIVALENTS - End of period	<u>10,583,331</u>

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

Mar-18

Location	Mar-18 Budget	Mar-18 Actual	Variance	Mar-17 Actual	Variance		YTD 2018 Budget	YTD 2018 Actual	Variance	YTD 2017 Actual	Variance
<i>CRC Independent Living</i>											
Average Census	142.00	137.58	-4.42	116.64	20.94		140.00	136.82	-3.18	113.69	23.13
Average Occupancy %	89.31%	86.53%	-2.78%	94.06%	-7.54%		89.17%	87.15%	-2.03%	93.19%	-6.04%
Resident Days	4,402	4,265	-137	3,616	649		12,463	12,314	-149	10,232	2,082
<i>CRC Glazier AL/Commons</i>											
Average Census	64.00	64.35	0.35	63.61	0.74		64.00	63.61	-0.39	64.00	-0.39
Average Occupancy %	96.97%	97.50%	0.53%	96.38%	1.12%		96.97%	96.38%	-0.59%	96.97%	-0.59%
Resident Days	1,984	1,995	11	1,972	23		5,760	5,725	-35	5,760	-35
<i>Towsley Village</i>											
Average Census	84.00	70.06	-13.94	83.26	-13.20		84.00	71.49	-12.51	82.04	-10.56
Average Occupancy %	91.30%	76.15%	-15.15%	90.50%	-14.35%		91.30%	77.71%	-13.60%	89.18%	-11.47%
Resident Days	2,604	2,172	-432	2,581	-409		7,560	6,434	-1,126	7,384	-950
<i>Kresge Nursing</i>											
Average Census	75.00	77.16	2.16	72.55	4.61		75.00	79.43	4.43	71.00	8.43
Average Occupancy %	88.24%	90.78%	2.54%	85.35%	5.42%		88.24%	93.45%	5.22%	83.53%	9.92%
Resident Days											
Private	341	429	88	298	131		990	1,075	85	794	281
Medicaid	930	1,126	196	816	310		2,700	3,242	542	2,458	784
Medicare	651	649	-2	601	48		1,890	2,040	150	1,893	147
Medicare HMO	310	169	-141	394	-225		900	739	-161	933	-194
Commercial Ins	93	19	-74	81	-62		270	53	-217	312	-259
Total	2,325	2,392	67	2,190	202		6,750	7,149	399	6,390	759

Census	
YTD 2018	Mar-18
88.12%	87.26%
YTD 2017	Mar-17
91.50%	92.92%

The Cedars of Dexter Independent Living

Capacity							60				
Average Census	58.00	54.00	-4.00	57.00	-3.00		58.00	54.00	-4.00	56.33	-2.33
Average Occupancy %	96.67%	90.00%	-6.67%	95.00%	-5.00%		96.67%	90.00%	-6.67%	93.88%	-3.88%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (4/1/17-3/31/18)	
Change in Unrestricted Net Assets	5,483,898
Plus:	
Entrance Fees Received - net	6,954,180
Less Initial Entrance Fees Received	(6,816,098)
Depreciation, Amortization	3,787,198
Interest Expense	1,264,817
Other Adjustments	
Unrealized (Gains) / Losses in Investments	(1,047,703)
Unrealized (Gains) / Losses in Joint Venture	(2,300,418)
Change in Value of Swap	(190,486)
Loss on disposal of assets	119,008
Less:	
Refunds on Entrance Fees	-
Amortization of Entrance Fees	(757,641)
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Net Income Available for Debt Service	6,496,755
Historical Annual Debt Service Requirement:	2,426,847
Historical Debt Service Coverage Ratio	2.68
Liquidity Ratio	
(i) Unrestricted Cash and Investments	31,344,106
(ii) Operating Expenses (incl. dev. Exp)	34,687,048
Less:	
Depreciation Expense	(3,787,198)
Bad Debt Expense	(239,856)
Adjusted Expenses	<hr/> 30,659,994
(iii) Adjusted Expenses / 365	84,000
(i) / (iii) Days Cash on Hand	373.14