

United Methodist Retirement Communities, Inc.
3rd 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 September 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.

UMRC is exploring a potential affiliation with Porter Hills Presbyterian Villages, Inc., which is based in Grand Rapids, Michigan. UMRC is currently in the due diligence process, and no final UMRC decisions have been made regarding the potential affiliation. At this time there can be no assurance provided on when a final UMRC decision may be made or if or when such affiliation might occur. Future UMRC disclosure statements are expected to include information on future UMRC board decisions, if any, regarding this potential affiliation.

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.

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Census

Location	YTD 2018 Budget	YTD 2018 Actual	Variance	YTD 2017 Actual	Variance
CRC Independent Living (172 units YTD)	87.7%	84.6%	(3.1%)	88.8%	(4.2%)
CRC Assisted Living (152 units)	93.7%	84.7%	(9.0%)	93.3%	(9.6%)
CRC Skilled Nursing (85 beds)	88.2%	88.6%	.4%	83.5%	5.1%
Cedars of Dexter – Ind. Living (60 units)	96.7%	90.0%	(6.7%)	92.6%	(2.6%)

Please note IL units were 146 in 2017 through Q3. We are in the process of constructing 54 additional IL cottages which will bring the total to 176. As of the end of the third quarter of 2018, 50 units had been completed and have been factored into the census calculations. In aggregate, census is approximately 5.4% behind budget and 3.3% 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 converted 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 three months of 2018.

Revenue

Overall operating revenue is 3.5%, or \$958k, under budget.

- Net resident revenue \$964k negative (3.9%) due to census in assisted living and IL.
- Life lease revenue is \$97k under budget due to lower census and turnover at Cedars of Dexter.
- Unrestricted contribution revenue is \$105K under budget due to higher percent of restricted gifts being received.
- Assets released from restriction are \$150k over budget due to higher grant spending.

Expenses

Overall operating expenses are \$14K over budget (.05%). Key variances include:

- Wages and purchased labor \$122K over budget primarily due to higher skilled nursing staffing costs related to increase in census and environmental services support staffing.
- Utility costs \$78K (10%) over budget due to colder than normal winter and increase in buildings with cottage and master plan construction as well as higher than budgeted rate increases.
- Repairs and Maintenance is \$122K (10%) over budget due to increased preventive maintenance and significant heating/cooling repairs at CRC as well as significant plowing expenses.
- Bad debt \$20K over budget due to clean up of older accounts
- Interest expenses \$44K (6%) due to slower than planned increase in variable interest rates.

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- Real estate taxes are \$145K (20%) below budget due to lower rates on new IL units at CRC than anticipated and completion of units after year end which delayed assessment.

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 \$1.7M higher than budget and better than full year budget.
- Assets released from restriction are \$150k over budget due to higher grant spending.
- Development costs \$167K over budget due to increased volume of new projects being evaluated.
- \$250K 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 0%+ gain 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%)	.6%	3.6%
Net Operating Margin Ratio	8.4%	9.0%	4.6%	14.0%
Days Cash on Hand	352	392	337	538
Days in A/R (net of allowances)	21.7	21.7	20	14
Average Age of Plant	12.5	12.1	13.1	11.4
LTD as a % of Total Capital Ratio (rolling 4 quarter)	38.6%	42.2%	72.6%	44.7%
Debt Service Coverage Ratio	2.4	2.6	2.6	3.7

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 has improved in 2017-18 due to significant main campus investments. These are planned to be continued over the next 2-3 years.

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- 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 September 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 \$6.6M, 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 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 September 30, 2018.

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- 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 \$1.3M as of September 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 September 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.

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, September 30, 2018.

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

ASSETS	<u>9/30/2018</u>	<u>12/31/2017</u>	LIABILITIES AND NET ASSETS	<u>9/30/2018</u>	<u>12/31/2017</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	12,566,723	9,273,311	Current portion of long-term debt	1,162,713	1,162,713
Cash held in escrow	4,474,417	6,664,678	Life Lease Deposits	365,641	750,110
Contributions Receivable - Current	5,092,203	3,629,270	Accounts payable	3,081,635	2,162,955
Due from Affiliate	297,839	269,766	Due to Affiliate	-	-
Accounts Receivable	1,892,719	1,830,242	Accrued and other liabilities	1,547,765	1,946,779
Investments	603,650	2,966,646	Deferred Life Lease Revenue	6,868,369	5,078,494
Assets limited as to use	437,598	135,482	Liability under split-interest agreements	12,432	12,432
Prepaid expenses and other current assets	1,139,647	890,812	Total current liabilities	13,038,555	11,113,483
Total current assets	26,504,796	25,660,207	LONG TERM DEBT	39,515,720	36,372,505
CONTRIBUTIONS RECEIVABLE	2,956,006	3,037,721	REFUNDABLE LIFE LEASE PROCEEDS	16,253,436	12,572,696
INVESTMENTS	31,105,619	32,245,187	INTEREST RATE SWAP	(102,733)	100,346
CEDARS OF DEXTER CONTINGENCY FUND	-	-	LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	55,163	64,199
LIMITED USE FUNDS			Total liabilities	68,760,141	60,223,229
Debt Service Reserve Fund	817,092	813,190	NET ASSETS		
Restricted Deposit	200,000	200,000	Unrestricted:		
Total Limited Use Funds	1,017,092	1,013,190	Undesignated	23,020,822	23,020,822
PROPERTY AND EQUIPMENT	77,764,777	66,071,788	Board designated	31,135,309	33,173,049
OTHER ASSETS			Total unrestricted	54,156,131	56,193,871
Loan to Affiliate	900,834	1,067,657	Restricted:		
Bond issue costs & Bond Discount	999,914	1,078,100	Temporarily restricted	15,157,504	10,720,442
Pledged Assets held by Affiliate	-	-	Permanently restricted	10,909,598	10,909,598
Investment in Affiliate	7,332,406	7,471,360	Total restricted	26,067,102	21,630,040
Beneficial Interest in Perpetual Trusts	401,930	401,930	Total net assets	80,223,233	77,823,911
Total other assets	9,635,084	10,019,047		80,223,233	
Total assets	148,983,374	138,047,140	Total liabilities and net assets	148,983,374	138,047,140

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

	9/30/2018						9/30/2017						
	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	22,334,416	1,490,807	-	-	-	23,825,223	23,176,070	1,613,601	-	-	-	24,789,671	23,018,179
Life Lease revenue	256,336	349,684	-	-	-	606,020	225,000	478,101	-	-	-	703,101	550,232
Unrestricted Contributions	-	-	193,672	-	-	193,672	-	-	299,400	-	-	299,400	207,589
Assets released from restriction	500,000	-	250,000	-	-	750,000	400,000	-	200,000	-	-	600,000	1,932,144
Other	254,847	(1,822)	-	2,047,761	(1,392,940)	907,846	255,757	6,300	-	1,980,400	(1,392,940)	849,517	681,413
Total operating revenue	23,345,599	1,838,669	443,672	2,047,761	(1,392,940)	26,282,761	24,056,827	2,098,002	499,400	1,980,400	(1,392,940)	27,241,689	26,389,557
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	10,866,047	317,391	435,175	1,285,677	-	12,904,290	10,580,424	351,792	467,552	1,382,234	-	12,782,002	12,334,374
Employee benefits	2,462,526	73,505	145,867	386,453	-	3,068,351	2,543,087	84,094	157,604	394,269	-	3,179,054	2,795,094
Food	863,095	57,647	-	-	-	920,742	820,787	80,300	-	-	-	901,087	900,855
Medical care	630,368	-	-	-	-	630,368	619,315	-	-	-	-	619,315	604,972
Utilities	642,939	75,818	-	-	-	718,757	587,250	53,400	-	-	-	640,650	645,802
Repairs and maintenance	1,128,352	249,772	-	-	-	1,378,124	1,008,014	247,717	-	-	-	1,255,731	1,206,218
Supplies	447,573	22,392	-	-	-	469,965	410,221	42,637	-	-	-	452,858	476,551
Provider tax	310,446	-	-	-	-	310,446	321,000	-	-	-	-	321,000	260,845
Bad debts	116,228	-	-	-	-	116,228	96,228	-	-	-	-	96,228	105,417
Miscellaneous	2,199,119	219,207	326,794	390,358	(1,392,940)	1,742,538	2,096,700	208,544	444,701	386,684	(1,392,940)	1,743,689	1,584,905
Depreciation	2,542,934	490,311	15,174	79,425	-	3,127,844	2,619,675	490,311	15,174	79,425	-	3,204,585	2,744,779
Interest expense	904,535	210,380	-	-	-	1,114,915	912,829	218,655	-	-	-	1,131,484	879,042
Grant Distributions	-	-	23,494	-	-	23,494	-	-	39,500	-	-	39,500	1,238,434
Real estate taxes	332,866	233,865	-	-	-	566,731	471,997	239,909	-	-	-	711,906	534,755
Total operating expenses	23,447,028	1,950,288	946,504	2,141,913	(1,392,940)	27,092,793	23,087,527	2,017,359	1,124,531	2,242,612	(1,392,940)	27,079,089	26,312,043
Operating Income (Loss) - before other operating activities	(101,429)	(111,619)	(502,832)	(94,152)	-	(810,032)	969,300	80,643	(625,131)	(262,212)	-	162,600	77,514
Non Operating Income (Expense)													
Restricted Contributions	-	-	4,759,101	-	-	4,759,101	-	-	3,037,500	-	-	3,037,500	1,785,592
Assets released from restrictions	(500,000)	-	(250,000)	-	-	(750,000)	(400,000)	-	(200,000)	-	-	(600,000)	(1,932,144)
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(308,579)	-	(308,579)	-	-	-	(141,590)	-	(141,590)	(238,245)
Investment in Affiliate	-	-	-	(254,190)	-	(254,190)	-	-	-	-	-	-	329,077
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Income/Expense	-	-	(448,186)	-	-	(448,186)	-	-	(379,117)	-	-	(379,117)	-
Interest/Dividend Income	-	-	246,675	-	-	246,675	-	-	300,000	-	-	300,000	246,088
Realized Investment Gains	-	-	1,306,104	-	-	1,306,104	-	-	-	-	-	-	41,032
Unrealized Investment Gains/(losses)	-	-	(1,544,649)	-	-	(1,544,649)	-	-	-	-	-	-	2,984,381
Transfer to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Value of Swaps	61,565	141,515	-	-	-	203,080	-	-	-	-	-	-	25,572
Change in Net Assets	(539,864)	29,896	3,566,213	(656,921)	-	2,399,324	569,300	80,643	2,133,252	(403,802)	-	2,379,393	3,318,867

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
QUARTER ENDED 9/30/2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	2,399,322
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	3,127,844
Amortization of Deferred Life Lease Revenue	(606,020)
Amortization of bond issue costs	78,186
Realized and unrealized (gains)/loss on investments	238,545
Loss on disposal of fixed assets	-
Bad debt expense	116,228
Decrease (Increase) in operating assets:	
Accounts receivable	(178,705)
Prepaid expenses and other current assets	(248,835)
Contribution receivable	(1,381,218)
Increase (decrease) in operating liabilities:	
Accounts payable	918,680
Accrued and other liabilities	(399,014)
Interest Rate Swap	(203,079)
Liability under split-interest agreements	(9,036)
Net cash provided by operating activities	<u>3,852,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(14,820,833)
Change in escrows and reserves	1,884,243
Purchase of investments	1,283,854
Proceeds from sale of investments	1,980,165
Investment in related organizations	<u>277,704</u>
Net cash used in investing activities	<u>(9,394,867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	6,491,996
Refunds of life lease entrance fees	(799,830)
Payment of bond issuance costs	-
Proceeds from issuance of debt	3,704,213
Principal payments on long-term debt	(560,998)
Net cash provided by (used in) financing activities	<u>8,835,381</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,293,412
CASH AND CASH EQUIVALENTS - Beginning of year	<u>9,273,311</u>
CASH AND CASH EQUIVALENTS - End of period	<u>12,566,723</u>

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

Sep-18

Location	Sep-18 Budget	Sep-18 Actual	Variance	Sep-17 Actual	Variance		YTD 2018 Budget	YTD 2018 Actual	Variance	YTD 2017 Actual	Variance
<i>CRC Independent Living</i>											
Average Census	154.00	146.60	-7.40	129.73	16.87		143.00	137.89	-5.11	120.51	17.38
Average Occupancy %	90.06%	85.73%	-4.33%	88.86%	-3.13%		87.73%	84.60%	-3.13%	88.75%	-4.15%
Resident Days	4,620	4,398	-222	3,892	506		39,868	37,646	-2,222	32,900	4,746
<i>CRC Glazier AL/Commons</i>											
Average Census	64.00	65.53	1.53	63.30	2.23		64.00	64.83	0.83	63.54	1.29
Average Occupancy %	96.97%	79.91%	-17.06%	95.91%	-15.99%		96.97%	92.61%	-4.36%	96.27%	-3.66%
Resident Days	1,920	196	-1,724	1,899	-1,703		17,472	17,699	227	17,346	353
<i>Towsley Village</i>											
Average Census	84.00	68.30	-15.70	80.17	-11.87		84.00	69.00	-15.00	82.01	-13.01
Average Occupancy %	91.30%	97.57%	6.27%	87.14%	10.43%		91.30%	78.41%	-12.90%	91.12%	-12.71%
Resident Days	2,520	2,049	-471	2,405	-356		22,932	18,837	-4,095	22,389	-3,552
<i>Kresge Nursing</i>											
Average Census	75.00	74.30	-0.70	71.73	2.57		75.00	75.36	0.36	71.01	4.35
Average Occupancy %	88.24%	87.41%	-0.82%	84.39%	3.02%		88.24%	88.65%	0.42%	83.54%	5.12%
Resident Days											
Private	330	303	-27	568	-265		3,003	3,425	422	4,399	-974
Medicaid	900	1,025	125	733	292		8,190	9,421	1,231	6,560	2,861
Medicare	630	484	-146	584	-100		5,733	4,897	-836	5,330	-433
Medicare HMO	300	382	82	219	163		2,730	2,571	-159	2,310	261
Commercial Ins	90	35	-55	48	-13		819	258	-561	786	-528
Total	2,250	2,229	-21	2,152	77		20,475	20,572	97	19,385	1,187

Census	
YTD 2018	Sep-18
86.07%	87.55%
YTD 2017	Sep-17
89.41%	89.07%

The Cedars of Dexter Independent Living

Capacity							60				
Average Census	58.00	55.00	-3.00	55.00	0.00		58.00	54.00	-4.00	55.25	-1.25
Average Occupancy %	96.67%	91.67%	-5.00%	91.67%	0.00%		96.67%	90.00%	-6.67%	92.08%	-2.08%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (10/1/17-9/30/18)	
Change in Unrestricted Net Assets	1,351,366
Plus:	
Entrance Fees Received - net	8,778,249
Less Initial Entrance Fees Received	(6,501,817)
Depreciation, Amortization	4,013,741
Interest Expense	1,433,186
Other Adjustments	
Unrealized (Gains) / Losses in Investments	1,083,062
Unrealized (Gains) / Losses in Joint Venture	(1,690,923)
Change in Value of Swap	(220,190)
Loss on disposal of assets	119,008
Less:	
Refunds on Entrance Fees	(799,830)
Amortization of Entrance Fees	(791,810)
	<hr/>
Net Income Available for Debt Service	6,774,042
Historical Annual Debt Service Requirement:	2,582,731
Historical Debt Service Coverage Ratio	2.62
Liquidity Ratio	
(i) Unrestricted Cash and Investments	33,036,241
(ii) Operating Expenses (incl. dev. Exp)	34,932,584
Less:	
Depreciation Expense	(4,013,741)
Bad Debt Expense	(187,341)
Adjusted Expenses	<hr/> 30,731,502
(iii) Adjusted Expenses / 365	84,196
(i) / (iii) Days Cash on Hand	392.37