

United Methodist Retirement Communities, Inc.
4th 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 twelve months ended December 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, 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 (174 units YTD)	89.8%	84.9%	(4.9%)	89.8%	(4.9%)
CRC Assisted Living (152 units)	97.3%	88.8%	(8.5%)	91.5%	(2.7%)
CRC Skilled Nursing (85 beds)	88.2%	87.7%	(.5%)	84.3%	3.4%
Cedars of Dexter – Ind. Living (60 units)	96.7%	90.0%	(6.7%)	92.6%	(2.6%)

Please note IL units were 157 in 2017 through Q4. We are in the process of constructing 54 additional IL cottages which will bring the total to 174. As of the end of the fourth quarter of 2018, all 54 units had been completed and have been factored into the census calculations. In aggregate, census is approximately 5.5% behind budget and 2.9% 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 increased assisted living census over the last three months of 2018.

Revenue

Overall operating revenue is 3.4%, or \$1.2m, under budget.

- Net resident revenue \$1.4m negative (4.0%) due to census in assisted living and IL.
- Life lease revenue is \$29k under budget due to lower census and turnover at Cedars.
- Unrestricted contribution revenue is \$65K under budget due to higher percent of restricted gifts being received.
- Assets released from restriction are \$100k over budget due to higher grant spending.
- Other revenue \$130k over budget due to new management contracts secured.

Expenses

Overall operating expenses are \$602k under budget (1.6%). Key variances include:

- Wages and purchased labor \$261K over budget primarily due to higher skilled nursing staffing costs related to increase in census and environmental services support staffing.
- Fringe benefit costs lower than budget by \$200K primarily to lower workers compensation claims and lower than planned health benefit increase (8% actual compared to 10% planned)
- Utility costs \$92K (12%) 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 \$54K (4%) over budget due to increased preventive maintenance and significant heating/cooling repairs.
- Provider tax \$25K higher than budget (6%) due to higher Medicaid census
- Bad debt \$40K over budget due to clean up of older accounts

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- Miscellaneous expenses below budget \$217K due to cost control efforts to reduce non-service and care related expenses with lower census.
- Depreciation below budget \$207K due to delay in completion of construction which delayed in service date until 2019 for skilled nursing addition and wellness center
- Interest expenses \$130K (8%) due to slower than planned increase in variable interest rates and lower need for revolving loan usage.
- Real estate taxes are \$270K (25%) 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 \$1.4M higher than budget and better than full year budget.
- Assets released from restriction are \$100k over budget due to higher grant spending.
- Development costs \$495K over budget due to increased volume of new projects being evaluated in particular with due diligence costs related to exploration of affiliation with Porter Hills Presbyterian Villages.
- \$910K loss on investment in affiliate due to decreased margin in PACE that is expected to turnaround in 2019.
- \$111K loss on disposal was planned as part of Chelsea campus construction.
- Restricted income/expense represents expenses related to grant expenses received in prior years.
- Overall realized/unrealized investment returns approximate a (10%) loss year to date due to market volatility at year end.
- 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%	1.4%	.6%	3.6%
Net Operating Margin Ratio	8.4%	7.1%	4.6%	14.0%
Days Cash on Hand	352	351	337	538
Days in A/R (net of allowances)	21.7	21.3	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%	43.2%	72.6%	44.7%
Debt Service Coverage Ratio	2.4	2.3	2.6	3.7

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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 year.
- 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 December 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 \$6.4M, 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 \$10.2M, 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 \$10.3M, 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

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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 December 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 \$3.3M as of December 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 December 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.

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, December 31, 2018.

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

ASSETS	<u>12/31/2018</u>	<u>12/31/2017</u>	LIABILITIES AND NET ASSETS	<u>12/31/2018</u>	<u>12/31/2017</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	13,384,345	9,273,311	Current portion of long-term debt	1,192,309	1,162,713
Cash held in escrow	4,666,924	6,664,678	Life Lease Deposits	340,257	750,110
Contributions Receivable - Current	2,821,075	3,629,270	Accounts payable	2,488,271	2,162,955
Due from Affiliate	268,846	269,766	Due to Affiliate	-	-
Accounts Receivable	1,868,264	1,830,242	Accrued and other liabilities	1,837,796	1,946,779
Investments	-	2,966,646	Deferred Life Lease Revenue	6,991,369	5,078,494
Assets limited as to use	154,597	135,482	Liability under split-interest agreements	11,032	12,432
Prepaid expenses and other current assets	903,172	890,812	Total current liabilities	12,861,034	11,113,483
Total current assets	24,067,223	25,660,207	LONG TERM DEBT	39,038,828	36,372,505
CONTRIBUTIONS RECEIVABLE	2,002,216	3,037,721	REFUNDABLE LIFE LEASE PROCEEDS	16,812,705	12,572,696
INVESTMENTS	28,153,694	32,245,187	INTEREST RATE SWAP	24,277	100,346
CEDARS OF DEXTER CONTINGENCY FUND	-	-	LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	58,339	64,199
LIMITED USE FUNDS			Total liabilities	68,795,183	60,223,229
Debt Service Reserve Fund	809,788	813,190	NET ASSETS		
Restricted Deposit	200,000	200,000	Unrestricted:		
Total Limited Use Funds	1,009,788	1,013,190	Undesignated	18,175,961	23,020,822
PROPERTY AND EQUIPMENT	81,140,784	66,071,788	Board designated	33,173,049	33,173,049
OTHER ASSETS			Total unrestricted	51,349,010	56,193,871
Loan to Affiliate	843,224	1,067,657	Restricted:		
Bond issue costs & Bond Discount	975,053	1,078,100	Temporarily restricted	11,605,891	10,720,442
Pledged Assets held by Affiliate	-	-	Permanently restricted	13,543,731	10,909,598
Investment in Affiliate	6,733,667	7,471,360	Total restricted	25,149,622	21,630,040
Beneficial Interest in Perpetual Trusts	368,166	401,930	Total net assets	76,498,632	77,823,911
Total other assets	8,920,110	10,019,047	Total liabilities and net assets	145,293,815	138,047,140
Total assets	145,293,815	138,047,140			

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

12/31/2018

	Actual						Budget						12/31/2017
	<u>Chelsea Retirement Community</u>	<u>Cedars of Dexter</u>	<u>UMRC Foundation</u>	<u>UMRC Corporate Office</u>	<u>Inter-Co Eliminations</u>	<u>Total</u>	<u>Chelsea Retirement Community</u>	<u>Cedars of Dexter</u>	<u>UMRC Foundation</u>	<u>UMRC Corporate Office</u>	<u>Inter-Co Eliminations</u>	<u>Total</u>	Actual
Operating revenue:													
Net resident revenue	30,004,148	1,981,325	-	-	-	31,985,473	31,199,475	2,151,466	-	-	-	33,350,941	30,847,508
Life Lease revenue	426,909	461,281	-	-	-	888,190	279,300	637,469	-	-	-	916,769	736,022
Unrestricted Contributions	-	-	333,067	-	-	333,067	-	-	400,000	-	-	400,000	502,643
Assets released from restriction	600,000	-	300,000	-	-	900,000	600,000	-	200,000	-	-	800,000	941,688
Other	549,683	234	26,000	2,671,796	(1,857,255)	1,390,458	467,012	8,400	-	2,635,987	(1,857,255)	1,254,144	923,521
Total operating revenue	31,580,740	2,442,840	659,067	2,671,796	(1,857,255)	35,497,188	32,545,787	2,797,335	600,000	2,635,987	(1,857,255)	36,721,854	33,951,382
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	14,603,953	432,552	606,078	1,934,771	-	17,577,354	14,220,810	474,176	633,922	1,987,517	-	17,316,425	16,982,317
Employee benefits	3,155,850	99,576	189,078	512,539	-	3,957,043	3,319,724	111,194	208,561	518,879	-	4,158,358	3,658,371
Food	1,155,958	75,548	-	-	-	1,231,506	1,161,250	104,000	-	-	-	1,265,250	1,200,415
Medical care	890,677	-	-	-	-	890,677	888,000	-	-	-	-	888,000	886,364
Utilities	838,729	98,420	-	-	-	937,149	773,000	71,200	-	-	-	844,200	870,601
Repairs and maintenance	1,337,838	333,292	-	-	-	1,671,130	1,287,000	330,290	-	-	-	1,617,290	1,470,151
Supplies	327,573	30,619	-	-	-	358,192	304,958	57,450	-	-	-	362,408	404,011
Provider tax	438,636	-	-	-	-	438,636	413,924	-	-	-	-	413,924	352,993
Bad debts	168,304	-	-	-	-	168,304	128,313	-	-	-	-	128,313	176,530
Miscellaneous	3,367,003	280,717	326,833	524,796	(1,857,255)	2,642,094	3,316,411	277,458	597,929	524,313	(1,857,255)	2,858,856	2,271,029
Depreciation	3,258,750	639,805	19,579	98,295	-	4,016,429	3,443,286	653,751	20,230	105,897	-	4,223,164	3,630,676
Interest expense	1,095,549	284,594	-	-	-	1,380,143	1,218,974	291,542	-	-	-	1,510,516	1,197,313
Grant Distributions	-	-	59,544	-	-	59,544	-	-	75,000	-	-	75,000	339,598
Real estate taxes	453,324	312,364	-	-	-	765,688	712,745	322,000	-	-	-	1,034,745	711,465
Total operating expenses	31,092,144	2,587,487	1,201,112	3,070,401	(1,857,255)	36,093,889	31,188,395	2,693,061	1,535,642	3,136,606	(1,857,255)	36,696,449	34,151,834
Operating Income (Loss) - before other operating activities	488,596	(144,647)	(542,045)	(398,605)	-	(596,701)	1,357,392	104,274	(935,642)	(500,619)	-	25,405	(200,452)
Non Operating Income (Expense)													
Restricted Contributions	-	-	5,482,275	-	-	5,482,275	-	-	4,050,000	-	-	4,050,000	5,339,843
Assets released from restrictions	(600,000)	-	(300,000)	-	-	(900,000)	(600,000)	-	(200,000)	-	-	(800,000)	(941,688)
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(717,762)	-	(717,762)	-	-	-	(221,978)	-	(221,978)	(293,122)
Investment in Affiliate	-	-	-	(910,538)	-	(910,538)	-	-	-	-	-	-	2,274,190
Loss on Disposal of Assets	-	-	-	(111,779)	-	(111,779)	-	-	-	(105,000)	-	(105,000)	(119,008)
Restricted Income/Expense	-	-	44,800	-	-	44,800	-	-	(379,117)	-	-	(379,117)	62,919
Interest/Dividend Income	-	-	509,280	-	-	509,280	-	-	400,000	-	-	400,000	1,008,026
Realized Investment Gains	-	-	1,305,608	-	-	1,305,608	-	-	-	-	-	-	91,979
Unrealized Investment Gains/(losses)	-	-	(5,506,532)	-	-	(5,506,532)	-	-	-	-	-	-	3,471,519
Transfer to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	(1,500,685)
Change in Value of Swaps	16,103	59,967	-	-	-	76,070	-	-	-	-	-	-	42,682
Change in Net Assets	(95,301)	(84,680)	993,386	(2,138,684)	-	(1,325,279)	757,392	104,274	2,935,241	(827,597)	-	2,969,310	9,236,203

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
QUARTER ENDED 12/31/2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	(1,325,279)
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	33,764
Depreciation	4,016,429
Amortization of Deferred Life Lease Revenue	(888,190)
Amortization of bond issue costs	103,047
Realized and unrealized (gains)/loss on investments	4,200,924
Loss on disposal of fixed assets	111,779
Bad debt expense	168,304
Decrease (Increase) in operating assets:	
Accounts receivable	(206,326)
Prepaid expenses and other current assets	(12,360)
Contribution receivable	1,843,700
Increase (decrease) in operating liabilities:	
Accounts payable	325,316
Accrued and other liabilities	(108,983)
Interest Rate Swap	(76,069)
Liability under split-interest agreements	(7,260)
Net cash provided by operating activities	<u>8,178,796</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(19,197,204)
Change in escrows and reserves	1,982,041
Purchase of investments	(1,363,188)
Proceeds from sale of investments	4,220,403
Investment in related organizations	<u>963,046</u>
Net cash used in investing activities	<u>(13,394,902)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	7,914,396
Refunds of life lease entrance fees	(1,283,175)
Payment of bond issuance costs	-
Proceeds from issuance of debt	3,704,213
Principal payments on long-term debt	<u>(1,008,294)</u>
Net cash provided by (used in) financing activities	<u>9,327,140</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,111,034
CASH AND CASH EQUIVALENTS - Beginning of year	<u>9,273,311</u>
CASH AND CASH EQUIVALENTS - End of period	<u>13,384,345</u>

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

Dec-18

Location	Dec-18 Budget	Dec-18 Actual	Variance	Dec-17 Actual	Variance		YTD 2018 Budget	YTD 2018 Actual	Variance	YTD 2017 Actual	Variance
CRC Independent Living											
Average Census	160.00	150.00	-10.00	136.07	13.93		149.00	140.93	-8.07	124.42	16.51
Average Occupancy %	91.95%	86.21%	-5.75%	86.67%	-0.46%		89.76%	84.90%	-4.86%	89.83%	-4.93%
Resident Days	4,960	4,650	-310	4,218	432		54,404	51,440	-2,964	45,413	6,027
CRC Glazier AL/Commons											
Average Census	64.00	65.53	1.53	62.52	3.01		64.00	66.34	2.34	63.46	2.88
Average Occupancy %	96.97%	99.29%	2.32%	94.73%	4.56%		96.97%	100.52%	3.55%	96.15%	4.36%
Resident Days	1,984	2,239	255	1,938	301		23,360	24,215	855	23,163	1,052
Towsley Village											
Average Census	84.00	67.00	-17.00	78.19	-11.19		84.00	68.68	-15.32	81.16	-12.48
Average Occupancy %	97.67%	77.91%	-19.77%	90.92%	-13.01%		97.67%	79.86%	-17.81%	88.22%	-8.36%
Resident Days	2,604	2,077	-527	2,424	-347		30,660	25,070	-5,590	29,623	-4,553
Kresge Nursing											
Average Census	75.00	75.65	0.65	72.52	3.13		75.00	74.50	-0.50	71.70	2.80
Average Occupancy %	88.24%	89.00%	0.76%	85.32%	3.68%		88.24%	87.65%	-0.59%	84.35%	3.29%
Resident Days											
Private	330	411	81	80	331		4,015	4,304	289	5,338	-1,034
Medicaid	900	952	52	1,374	-422		10,950	12,535	1,585	9,874	2,661
Medicare	630	704	74	493	211		7,665	6,751	-914	7,074	-323
Medicare HMO	300	277	-23	213	64		3,650	3,300	-350	2,952	348
Commercial Ins	90	1	-89	88	-87		1,095	302	-793	934	-632
Total	2,250	2,345	95	2,248	97		27,375	27,192	-183	26,172	1,020

Census	
YTD 2018	Dec-18
87.35%	87.72%
YTD 2017	Dec-17
90.32%	90.04%

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	55.56	-1.56
Average Occupancy %	96.67%	91.67%	-5.00%	91.67%	0.00%		96.67%	90.00%	-6.67%	92.60%	-2.60%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

12/31/2019 BUDGET

	<u>Chelsea Retirement Community</u>	<u>Cedars of Dexter</u>	<u>UMRC Heritage Foundation</u>	<u>UMRC Corporate Office</u>	<u>Inter-Co Eliminations</u>	<u>Total</u>
Operating revenue:						
Net resident revenue	31,935,231	2,213,663	-	-	-	34,148,894
Life Lease revenue	494,743	576,000	-	-	-	1,070,743
Unrestricted Contributions	-	-	700,000	-	-	700,000
Assets Released From Restriction	-	-	900,000	-	-	900,000
Other	466,420	18,000	-	2,946,995	(1,882,572)	1,548,843
Total operating revenue	32,896,394	2,807,663	1,600,000	2,946,995	(1,882,572)	38,368,480
Operating expenses:						
Health care services:						
Salaries, wages and purch. Labor	14,427,590	468,789	640,149	2,185,400	-	17,721,928
Employee benefits	3,356,639	107,585	211,889	569,270	-	4,245,383
Food	1,199,250	102,139	-	-	-	1,301,389
Medical care	830,000	-	-	-	-	830,000
Utilities	960,070	93,100	-	-	-	1,053,170
Repairs and maintenance	1,515,445	346,180	-	-	-	1,861,625
Supplies	341,522	23,478	-	-	-	365,000
Provider tax	487,869	-	-	-	-	487,869
Bad debts	125,000	-	-	-	-	125,000
Miscellaneous	3,460,534	288,499	461,550	560,921	(1,882,572)	2,888,932
Depreciation	3,834,439	654,590	36,121	138,490	-	4,663,640
Interest expense	1,429,706	299,341	-	-	-	1,729,047
Grant Distributions	-	-	112,000	-	-	112,000
Real estate taxes	598,700	328,000	-	-	-	926,700
Total operating expenses	32,566,764	2,711,701	1,461,709	3,454,081	(1,882,572)	38,311,683
Operating Income (Loss) - before other operating activities	329,630	95,962	138,291	(507,086)	-	56,797
Non Operating Income (Expense)						
Restricted Contributions	-	-	1,800,000	-	-	1,800,000
Assets Released from Restriction	-	-	(900,000)	-	-	(900,000)
Development Costs	-	-	-	(438,981)	-	(438,981)
Investment in Affiliate (SMOC)	-	-	-	-	-	-
Investment in Affiliate (PACE)	-	-	-	-	-	-
Interest/Dividend Income	-	-	400,000	-	-	400,000
Realized Investment Gains	-	-	-	-	-	-
Unrealized Investment Gains	-	-	-	-	-	-
Change in Value of Swaps	-	-	-	-	-	-
Change in Net Assets	329,630	95,962	1,438,291	(946,067)	-	917,816

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (1/1/18-12/31/18)	
Change in Unrestricted Net Assets	(4,844,861)
Plus:	
Entrance Fees Received - net	7,914,396
Less Initial Entrance Fees Received	(5,693,081)
Depreciation, Amortization	4,016,429
Interest Expense	1,380,143
Other Adjustments	
Unrealized (Gains) / Losses in Investments	4,028,791
Unrealized (Gains) / Losses in Joint Venture	910,538
Change in Value of Swap	(76,070)
Loss on disposal of assets	111,779
Less:	
Refunds on Entrance Fees	(1,283,175)
Amortization of Entrance Fees	(888,190)
Net Income Available for Debt Service	5,576,699
Historical Annual Debt Service Requirement:	2,411,172
Historical Debt Service Coverage Ratio	2.31
Liquidity Ratio	
(i) Unrestricted Cash and Investments	30,701,487
(ii) Operating Expenses (incl. dev. Exp)	36,093,889
Less:	
Depreciation Expense	(4,016,429)
Bad Debt Expense	(168,304)
Adjusted Expenses	31,909,156
(iii) Adjusted Expenses / 365	87,422
(i) / (iii) Days Cash on Hand	351.19