

United Methodist Retirement Communities, Inc.
2nd Quarter 2019 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, 2019.

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:
 - o 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.
 - o UMRC has a 20% financial interest in Senior Comm Unity Care of Michigan, located in Lansing, MI. Senior Community Care operates a PACE program serving Ingham, Clinton and Eaton Counties and opened Spring 2015.
 - o 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.

On March 1, 2019, United Methodist Retirement Communities, Inc. ("UMRC") entered into an Affiliation Agreement with Porter Hills Presbyterian Villages, Inc. {"Porter Hills") and its sole shareholder, Westminster Presbyterian Church. The Affiliation Agreement is an agreement providing for an affiliation relationship between UMRC and Porter Hills (called the "Affiliation" below). In a closing on March 1, 2019, pursuant to the Affiliation Agreement, Westminster Presbyterian Church transferred to UMRC the single outstanding share of stock of Porter Hills, and UMRC thereby became and now is the sole shareholder of Porter Hills.

Pursuant to the Affiliation Agreement, on March 1, 2019, UMRC and Porter Hills also entered into a Subordinated Loan Agreement under which UMRC has agreed to loan to Porter Hills approximately \$3,000,000 per year for a period of five years (with a total of up to \$15,000,000) to address the most pressing deferred maintenance needs of Porter Hills. Such loans will be interest-free and will be incurred by Porter Hills as Obligations which are Subordinated Indebtedness under and as defined in the Porter Hills Master Trust Indenture.

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

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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 2019 Budget	YTD 2019 Actual	Variance	YTD 2018 Actual	Variance
CRC Independent Living (174 units YTD)	92.5%	87.03%	(5.47%)	77.37%	9.66%
CRC Assisted Living (84 units)	94.05%	86.84%	(7.21%)	97.40%	(10.56%)
CRC Memory Care (68 Units)	95.59%	98.20%	2.61%	75.33%	22.87%
CRC Skilled Nursing (85 beds)	89.58%	91.75%	2.17%	89.85%	1.9%
Cedars of Dexter - Ind. Living (60 units)	96.67%	89.44%	(7.23%)	90.28%	(.84%)

As part of an overall master plan of the Chelsea Retirement Community, we have made the following renovations and additions:

- Construction of 54 additional L cottages was completed by the end of 2018, bringing the total L units to 174 at the end of 2018.
- As of February 2019, a 32-unit addition was completed and put in service. This is part of an overall project that will allow for all independent rooms within our Skilled Nursing Facility by January 2020.

In addition, we converted one memory care neighborhood of 18 beds to traditional assisted living to align with current market demands that increased assisted living census in the last quarter of 2018 and the first quarter of 2019

Overall, census is behind plan in both assisted living and independent living, although we are ahead of plan in skilled nursing. The 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 under budget by approximately \$230k.

- Net resident revenue is \$500k (3%) behind budget, primarily related to the decrease in independent and assisted living census.
- Life lease revenue is \$184k ahead budget due to higher turnover, allowing an increase in amortization of deposits.
- Unrestricted contribution revenue is \$68K under budget related only to timing.
- Assets released from restriction are \$400k and with consistent budget.

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- Other revenue is \$150k ahead of budget mainly due to growth in affiliation related management fees.

Expenses

Overall operating expenses are \$170k over budget (1.3%). The most significant variances relate to wages and benefits. Key variances include:

- Wages and purchased labor \$600K over budget primarily due to higher skilled nursing staffing costs related to increase in census.
- Fringe benefit costs higher than budget by \$113K primarily related to an increase in participation.

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 \$77k under budget.
- Assets released from restriction are \$400k consistent budget.
- Investment in Affiliate ahead of plan by approximately \$280k related to strong investment earnings within the Silver Maples affiliate.
- Overall realized/unrealized investment returns approximate an increase of approximately \$2.8M in the first two quarters of 2019.
- Loss 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	2019 Year-to- Date (Q2)	2018 Year-to- Date (Q4)	CARF Median	CARF 75th
Operating Margin Ratio	1.8%	1.7%	.6%	3.6%
Net Operating Margin Ratio	9.1%	6.4%	4.6%	14.0%
Days Cash on Hand	297	333	337	538
Days in A/R (net of allowances)	133	212	20	14
Average Age of Plant	10.8	12.0	13.1	11.4
LTD as a % of Total Capital Ratio (rolling 4 quarter)	42.1%	39.3%	72.6%	44.7%
Debt Service Coverage Ratio	23	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:

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- Operating margin and net operating ratios are between the 50th and 75th percentile, indicating solid profitability from operations.
- Days cash on hand is slightly behind the 50th as a result of significant capital investments.
- Days in A/Rare better than 75th percentile.
- Average age of plant has improved over the last two years due to significant main campus investments. These are planned to be continued over the next year.
- Long-term debt to capital is relatively consistent with the 75th percentile of peer organizations, indicating relatively low debt leverage.
- 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 June 30, 2019, UMRC OG has 4 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 \$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 \$5.8M, 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%. As noted below, on June 26, 2019, UMRC refinanced approximately \$4.4M of the 2013 limited obligation revenue bonds.
- UMRC Series 2014 limited obligation revenue bonds with an original issuance of \$11.5M, current principal balance of \$10M, 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

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- 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, 2019.
 - 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 \$4.8M as of June 30, 2019.
 - 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, 2019, there was \$5M balance outstanding. As noted below, on June 26, 2019, UMRC refinanced approximately \$8M of the original \$15M revolving loan agreement into limited obligation revenue bonds.
 - On June 26, 2019 UMC closed on \$17.2M of Limited Obligation Revenue and Revenue Refunding Bonds, with annual principal payments and semi-annual interest payments through the maturity date of November 2049. These are fixed rate bonds issued through the Michigan Strategic Fund, with a fixed interest rate of 4.05%. The proceeds were utilized to create a project fund to fund the remaining Kresge Skilled Nursing construction, refinance a portion of the revolving loan agreement and refinance a portion of the 2013 limited obligation revenue bonds.
 - Related to the UMRC/Porter Hills affiliation noted above, UMRC transferred the first \$3M to Porter Hills in the second quarter of 2019. As of June 30, 2019, \$3M was outstanding.

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:

Kim Hoppe, CFO - 616-301-6205 or khoppe@umrc.com

Attached are interim financial statements as of, and for the period ending, June 30, 2019.

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

ASSETS	<u>6/30/2019</u>	<u>12/31/2018</u>	LIABILITIES AND NET ASSETS	<u>6/30/2019</u>	<u>12/31/2018</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	8,431,747	13,384,345	Current portion of long-term debt	1,192,309	1,192,309
Cash held in escrow	1,746,305	4,666,924	Life Lease Deposits	716,058	847,017
Contributions Receivable - Current	2,962,339	2,821,075	Accounts payable	2,067,653	1,960,779
Due from Affiliate	493,074	300,651	Due to Affiliate	-	-
Accounts Receivable	1,249,550	1,869,035	Accrued and other liabilities	1,895,461	2,395,241
Investments	-	-	Deferred Life Lease Revenue	7,050,626	6,940,694
Assets limited as to use	-	154,597	Liability under split-interest agreements	11,032	11,032
Prepaid expenses and other current assets	746,194	892,795	Total current liabilities	12,933,139	13,347,072
Total current assets	15,629,209	24,089,422	LONG TERM DEBT	45,345,481	38,878,037
CONTRIBUTIONS RECEIVABLE	1,997,814	2,002,216	REFUNDABLE LIFE LEASE PROCEEDS	16,624,672	16,491,192
INVESTMENTS	31,154,911	28,121,888	INTEREST RATE SWAP	227,479	24,277
CEDARS OF DEXTER CONTINGENCY FUND	-	-	LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	53,644	58,339
LIMITED USE FUNDS			Total liabilities	75,184,415	68,798,917
Debt Service Reserve Fund	2,199,141	809,788	NET ASSETS		
Bond Payment Fund	5,311,600		Unrestricted:		
Restricted Deposit	200,000	200,000	Undesignated	20,872,512	19,637,793
Total Limited Use Funds	7,710,741	1,009,788	Board designated	41,508,050	40,469,857
PROPERTY AND EQUIPMENT	84,789,092	81,140,784	Total unrestricted	62,380,563	60,107,650
OTHER ASSETS			Restricted:		
Loan to Affiliate	3,852,847	834,043	Temporarily restricted	5,371,068	5,371,068
Bond issue costs & Bond Discount	1,436,588	975,053	Permanently restricted	11,124,071	11,124,071
Pledged Assets held by Affiliate	-	-	Total restricted	16,495,139	16,495,139
Investment in Affiliate	7,120,749	6,860,346	Total net assets	78,875,702	76,602,789
Beneficial Interest in Perpetual Trusts	368,166	368,166	Total liabilities and net assets	154,060,117	145,401,706
Total other assets	12,778,350	9,037,608			
Total assets	154,060,117	145,401,706			

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

	6/30/2019						6/30/2018						
	Actual						Budget						Actual
	Chelsea Retirement Community ¹	Cedars of Dexter	UMRC Foundation	UMRC Corporate Office	Inter-Co Eliminations	Total	Chelsea Retirement Community ¹	Cedars of Dexter	UMRC Foundation	UMRC Corporate Office	Inter-Co Eliminations	Total	
Operating revenue:													
Net resident revenue	16,066,248	1,053,992	-	-	-	17,120,240	16,511,325	1,106,832	-	-	-	17,618,157	16,356,289
Life Lease revenue	301,128	418,064	-	-	-	719,192	247,374	288,000	-	-	-	535,374	443,734
Unrestricted Contributions	-	-	227,899	-	-	227,899	-	-	296,002	-	-	296,002	199,600
Assets released from restriction	300,000	-	150,000	-	-	450,000	300,000	-	150,000	-	-	450,000	400,000
Other	62,196	(14,751)	72,668	2,150,979	(1,135,844)	1,135,248	57,498	9,000	-	2,055,987	(1,135,844)	986,641	563,256
Total operating revenue	16,729,572	1,457,305	450,567	2,150,979	(1,135,844)	19,652,579	17,116,197	1,403,832	446,002	2,055,987	(1,135,844)	19,886,174	17,962,879
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	8,293,467	226,819	335,544	-	-	8,855,830	7,713,271	228,804	317,474	-	-	8,259,549	8,458,867
Employee benefits	1,323,799	48,848	110,089	-	-	1,482,736	1,223,834	31,798	113,498	-	-	1,369,130	2,097,508
Food	598,686	54,964	-	-	-	653,650	563,762	51,671	-	-	-	615,433	595,027
Medical care	425,802	-	-	-	-	425,802	410,016	-	-	-	-	410,016	410,878
Utilities	396,958	40,462	-	-	-	437,420	430,635	44,752	-	-	-	475,387	391,200
Repairs and maintenance	324,761	139,600	-	-	-	464,361	359,702	136,730	-	-	-	496,432	788,495
Supplies	175,206	11,907	-	-	-	187,113	-	11,812	-	-	-	11,812	301,822
Provider tax	235,274	-	-	-	-	235,274	243,936	-	-	-	-	243,936	208,964
Bad debts	85,002	-	-	-	-	85,002	85,002	-	-	-	-	85,002	64,152
Other expenses	1,958,188	216,365	185,824	2,080,546	(1,135,844)	3,305,079	2,651,486	219,426	187,082	2,126,699	(1,135,844)	4,048,849	1,386,761
Depreciation	1,934,061	327,294	18,060	69,256	-	2,348,671	1,934,223	327,294	18,060	69,256	-	2,348,833	2,138,392
Interest expense	678,756	147,677	-	-	-	826,433	722,853	149,670	-	-	-	872,523	750,358
Grant Distributions	-	-	102,105	-	-	102,105	-	-	39,998	-	-	39,998	22,000
Real estate taxes	277,860	161,300	-	-	-	439,160	239,352	162,378	-	-	-	401,730	293,772
Total operating expenses	16,707,819	1,375,236	751,622	2,149,802	(1,135,844)	19,848,635	16,578,071	1,364,336	676,112	2,195,955	(1,135,844)	19,678,630	17,908,196
Operating Income (Loss) - before other operating activities	21,753	82,069	(301,055)	1,177	-	(196,056)	538,126	39,496	(230,110)	(139,968)	-	207,544	54,683
Non Operating Income (Expense)													
Restricted Contributions	-	-	444,193	-	-	444,193	-	-	522,000	-	-	522,000	2,025,000
Assets released from restrictions	(300,000)	-	(150,000)	-	-	(450,000)	(300,000)	-	(150,000)	-	-	(450,000)	(400,000)
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(458,886)	-	(458,886)	-	-	-	(405,831)	-	(405,831)	(91,751)
Investment in Affiliate	-	-	-	279,208	-	279,208	-	-	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Income/Expense	-	-	(95,386)	-	-	(95,386)	-	-	-	-	-	-	(379,117)
Interest/Dividend Income	-	-	121,616	-	-	121,616	-	-	60,000	-	-	60,000	200,000
Realized Investment Gains	-	-	917,176	-	-	917,176	-	-	-	-	-	-	-
Unrealized Investment Gains/(losses)	-	-	1,914,250	-	-	1,914,250	-	-	-	-	-	-	-
Transfer to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Value of Swaps	(77,217)	(125,985)	-	-	-	(203,202)	-	-	-	-	-	-	-
Change in Net Assets	(355,463)	(43,916)	2,850,794	(178,501)	-	2,272,913	238,126	39,496	201,890	(545,799)	-	(66,287)	1,408,815

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
QUARTER ENDED 6/30/2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	2,272,913
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	2,348,671
Amortization of Deferred Life Lease Revenue	(719,192)
Amortization of bond issue costs	49,723
Realized and unrealized (gains)/loss on investments	(2,831,426)
Loss on disposal of fixed assets	-
Bad debt expense	85,002
Decrease (Increase) in operating assets:	
Accounts receivable	534,483
Prepaid expenses and other current assets	146,601
Contribution receivable	(136,862)
Increase (decrease) in operating liabilities:	
Accounts payable	106,874
Accrued and other liabilities	(499,780)
Interest Rate Swap	203,202
Liability under split-interest agreements	(4,695)
Net cash provided by operating activities	<u>1,555,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(5,996,979)
Change in escrows and reserves	(3,625,737)
Purchase of investments	(9,477,245)
Proceeds from sale of investments	9,275,648
Investment in related organizations	<u>(3,471,630)</u>
Net cash used in investing activities	<u>(13,295,943)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	1,917,505
Refunds of life lease entrance fees	(1,085,860)
Payment of bond issuance costs	(511,258)
Proceeds from issuance of debt	17,285,000
Principal payments on long-term debt	<u>(10,817,556)</u>
Net cash provided by (used in) financing activities	<u>6,787,831</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,952,598)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>13,384,345</u>
CASH AND CASH EQUIVALENTS - End of period	<u>8,431,747</u>

**UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED
GROUP**

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (7/1/18-6/30/2019)	
Change in Unrestricted Net Assets	(803,465)
Plus:	
Entrance Fees Received - net	7,420,983
Less Initial Entrance Fees Received	(3,902,792)
Depreciation, Amortization	4,284,618
Interest Expense	1,486,147
Other Adjustments	
Unrealized (Gains)/ Losses in Investments	1,364,614
Unrealized (Gains)/ Losses in Joint Venture	215,870
Change in Value of Swap	291,087
Loss on disposal of assets	116,377
Less:	
Refunds on Entrance Fees	(1,843,615)
Amortization of Entrance Fees	(1,226,590)
	7,403,233
Net Income Available for Debt Service	7,403,233
Historical Annual Debt Service Requirement:	3,237,446
Historical Debt Service Coverage Ratio	2.29
Liquidity Ratio	
(i) Unrestricted Cash and Investments	27,666,068
(ii) Operating Expenses (incl. dev. Exp)	38,422,424
Less:	
Depreciation Expense	(4,284,618)
Bad Debt Expense	(189,154)
Adjusted Expenses	33,948,652
(iii) Adjusted Expenses/ 365	93,010
(i) / (iii) Days Cash on Hand	297.45

United Methodist Retirement Communities
Monthly Board Report
Obligated Group

Jun-19

Location	2019 Budget	Jun-19 Actual	Variance	Jun-18 Actual	Variance	YTD 2019 Budget	YTD 2019 Actual	Variance	YTD 2018 Actual	Variance
<i>CRC Independent Living</i>										
Average Census	162.00	155.07	-6.93	134.77	20.30	160.51	151.43	-9.08	134.62	16.81
Average Occupancy %	93.10%	89.12%	-3.98%	77.45%	11.67%	92.25%	87.03%	-5.22%	77.37%	9.66%
Resident Days	4,860	4,652	-208	4,043	609	29,052	27,408	-1,644	24,366	3,042
<i>CRC Glazier AUCommons</i>										
Average Census	79.00	72.80	-6.20	65.20	7.60	79.00	72.94	-6.06	64.28	8.66
Average Occupancy %	94.05%	86.67%	-7.38%	98.79%	-12.12%	94.05%	86.84%	-7.21%	97.40%	-10.56%
Resident Days	2,370	2,184	-186	1,956	228	14,299	13,203	-1,096	11,635	1,568
<i>Towsley Village</i>										
Average Census	65.00	67.20	2.20	67.00	0.20	65.00	66.78	1.78	69.30	-2.52
Average Occupancy %	95.59%	98.82%	3.24%	72.83%	26.00%	95.59%	98.20%	2.62%	75.33%	22.87%
Resident Days	1,950	2,016	66	2,010	6	11,765	12,087	322	12,544	-457
<i>Kresge Nursing</i>										
Average Census	68.00	67.93	-0.07	69.77	-1.83	72.11	73.86	1.75	76.37	-2.51
Average Occupancy %	89.47%	89.39%	-0.09%	82.08%	7.31%	89.58%	91.75%	2.18%	89.85%	1.91%
Resident Days										
Private	270	378	108	551	-173	1,923	1,903	-20	2,324	-421
Medicaid	840	868	28	822	46	5,428	5,902	474	6,347	-445
Medicare	600	465	-135	454	11	3,620	3,346	-274	3,416	-70
Medicare HMO	300	286	-14	254	32	1,810	1,575	-235	1,587	-12
Commercial Ins	30	41	11	12	29	271	643	372	149	494
Total	2,040	2,038	-2	2,093	-55	13,052	13,369	317	13,823	-454

Census
YTD Jun-19
90.80% 90.30%

The Cedars of Dexter Independent Living

Capacity	60.00		60.00		60.00		60.00			
Average Census	58.00	53.00	-5.00	53.00	0.00	58.00	53.67	-4.33	54.17	-0.50
Average Occupancy %	96.67%	88.33%	-8.33%	88.33%	0.00%	96.67%	89.44%	-7.22%	90.28%	-0.83%