

United Methodist Retirement Communities, Inc.
3rd Quarter 2015 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 nine months ended September 30, 2015.**

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 continuing care retirement 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.

United Methodist Retirement Communities, Inc.
3rd Quarter 2015 Management Discussion of Financial Performance and Position

- 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 % sponsor 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 became a 50% member of Caring Partners Home Health, Inc., effective January 1, 2015. This is a non-profit home health provider that is based on Ann Arbor, Michigan and services primarily Washtenaw County in Michigan. This 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 an 80% controlling financial interest in Washtenaw PACE, Inc. d/b/a Huron Valley PACE that is located in Ypsilanti, Michigan. 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 which anticipates operating a PACE program in Lansing, Michigan which opened Spring 2015.
 - UMRC has an 80% controlling financial interest in Thome PACE which anticipates operating a PACE program in Jackson, Michigan with a projected opening date of early 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 excluded. Explanations below are for areas that have a variance of 5% or more from budget.

Census

Location	YTD 2015 Budget	YTD 2015 Actual	Variance	YTD 2014 Actual	Variance
CRC Independent Living (122 units)	84.8%	91.4%	6.6%	86.3%	5.1%
CRC Assisted Living (152 units)	92.8%	92.2%	(.6%)	90.0%	2.2%
CRC Skilled Nursing (85 beds)	92.9%	91.6%	(1.4%)	93.6%	(2.0%)
Cedars of Dexter – Ind. Living (60 units)	98.3%	99.8%	1.6%	99.4%	0.4%

In aggregate, census is approximately 1.6% over budget and 1.9% above last year.

United Methodist Retirement Communities, Inc.
3rd Quarter 2015 Management Discussion of Financial Performance and Position

Revenue

Overall operating revenue is 1.5%, or \$350k, over budget.

- Census higher than budget resulted in resident revenue \$290K (1.3%) over budget.
- Unrestricted contribution revenue is \$50K above budget due to a large bequest received in March 2015.
- Life lease revenue is \$50K over budget due to 2 unit turnovers which resulted in additional one time life lease revenue.

Expenses

Overall operating expenses are 2.4% above budget and consistent with revenues above budget. Key variances include:

- Employee benefits are 9% below budget due to lower health insurance costs than planned. The budget included a 10% increase and actual costs are flat.
- Food costs are 14% over budget as a result of changes to menu options to enhance the dining experience for residents as well as a result of change over from contracted services to in-house run dining services as of fall 2015.
- Utilities are 8% under budget due cost savings measures undertaken and utility prices locked in when possible as well as a mild summer in Michigan.
- Repairs and maintenance costs are 34% above budget due to significant water leaks in several buildings and higher than planned plowing/salting expenses.
- Supplies are 11% over budget due to service mix in skilled nursing and stock up of core dining supplies with change over from contracted service to in-house.
- Bad Debts are \$65,000 (90%) higher than budget due to an increased aging in the A/R balance. Efforts are focused on reducing A/R balances to historical levels.
- Interest expense is 7% below budget due to continued favorable rates on variable interest borrowings below budget amounts. Interest expenses is above last year by \$220,000 because interest during Q1 and Q2 2014 related to the Glazier Commons building was being capitalized.

Non-Operating Results

The budget for non-operating revenues and expenses includes only interest/dividend income, 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 are \$700,000 over budget due a large grant received higher than budgeted. The budget for this gift was \$1.5M and actual gift received was \$2M. This gift was restricted by the donor for use with our affiliate Thome PACE and there is a corresponding negative variance in the grant distribution line.
- Net development costs are \$175,000 under budget due less than expected time spent on development projects in Q1 and Q2 and more spent on internal planning.

United Methodist Retirement Communities, Inc.
3rd Quarter 2015 Management Discussion of Financial Performance and Position

- The decrease in investment in affiliate is net and is predominantly driven by year 2 losses for Huron Valley PACE. This is expected as part of the PACE pro-forma and is expected to turn positive by the end of year 3 of operations. This will be 2016 for Huron Valley PACE, 2018 for Senior CommUnity Care and 2019 for Thome PACE.
- Interest and investment loss combined are approximately \$1.9M unfavorable to budget. Current year overall market losses are due to significant market volatility over the Q3. The current diversified investment strategy is expected to yield long term positive returns but is still impacted by short term market fluctuations.
- Loss in value of swap driven mainly by market conditions. Over time this should return to \$0 and is the result of a new swap agreement that is effective December 2015 for the 2014 Bonds. This results in 50% of that bond issue fixed through 2024.

Financial Position

Ratio	2014 Year-end	2015 Year-to- Date	CARF Median	CARF 75th
Operating Margin Ratio	5.2%	2.6%	-0.4%	2.5%
Net Operating Margin Ratio	11.5%	11.8%	5.4%	11.1%
Days Cash on Hand	378	328	279	402
Days in A/R (net of allowances)	22.5	26.9	23	15
Average Age of Plant	12.4	12.5	12.5	10.4
LTD as a % of Total Capital Ratio (rolling 4 quarter)	37.6%	38.0%	77.4%	59.1%
Debt Service Coverage Ratio	4.2	2.5	2.8	4.3

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

- Operating margin and net operating margin are between the median and 75th percentile of peer organizations, indicating strong profitability from operations. Operating results are consistent with budget. Efforts are underway to address dietary and maintenance cost trends.
- Days cash on hand is between the 50th and 75th percentile of peer organizations and indicates more than adequate cash reserves. Decline due to market value volatility.
- Days in A/R is above median. Efforts are focused on reducing time to collect. Trend over the last 3 months is a decrease in days.
- Average age of plant is consistent with the median of peer organizations.
- Long-term debt to capital is better than the 75th percentile of peer organizations and debt service coverage is consistent with the median indicating relatively low debt leverage.
- Debt service coverage ratio is consistent with peer median.
- Debt service coverage ratio and days cash on hand exceed threshold amounts from the master trust indenture of 1.35 and 175 respectively.

United Methodist Retirement Communities, Inc.
3rd Quarter 2015 Management Discussion of Financial Performance and Position

Capital Financing

As of September 30, 2015, UMRC OG has 3 outstanding debt issuances and 1 debt guarantee.

- UMRC Series 2012 limited obligation revenue bonds with an original issuance of \$10M, current principal balance of \$8.0M, 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. These bonds carry a variable interest rate of 65% of the combined one-month LIBOR and 115 basis points. 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.
- UMRC Series 2013 limited obligation revenue bonds with an original issuance of \$11M, current principal balance of \$11M, 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 \$11.5M, of bonds from 2010 that were used to partially fund the construction of the Cedars of Dexter. The current principal balance is at \$11.5M. 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 2010 that essentially fixed the interest rate at 2.87 percent on 50 percent of the principal balance of the original series 2010 bonds. The interest rate swap expires on December 5, 2015. During September 2015 a new swap was closed on that will be effective December 5, 2015 through December 15, 2024. This swap essentially fixes the interest rate at 2.795 percent on 50 percent of the principal balance of the series 2014 bonds.
- 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 \$3.1M as of September 30, 2015.

The bonds are collateralized by a mortgage on certain real estate and related buildings and land of UMRC. The 2012 and 2014 bonds are also guaranteed by the UMRC Foundation. Under the terms of the limited obligation revenue bond agreements, 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, 2015.

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

	ASSETS		LIABILITIES AND NET ASSETS	
	<u>9/30/2015</u>	<u>12/31/2014</u>		
	<u>9/30/2015</u>	<u>12/31/2014</u>		
CURRENT ASSETS			CURRENT LIABILITIES	
Cash and cash equivalents	4,457,212	4,172,414	Current portion of long-term debt	1,075,374
Cash held in escrow	78,999	61,460	Cedars of Dexter Deposits	77,996
Contributions Receivable - Current	302,634	376,432	Accounts payable	1,331,228
Due from Affiliate	370,711	226,111	Due to Affiliate	-
Accounts Receivable	2,230,672	1,785,011	Accrued and other liabilities	1,762,075
Investments	21,267,915	23,959,622	Deferred Life Lease Revenue	2,928,733
Assets limited as to use	433,369	135,684	Liability under split-interest agreements	33,996
Prepaid expenses and other current assets	1,005,331	1,242,263	Total current liabilities	<u>7,209,402</u>
Total current assets	<u>30,146,843</u>	<u>31,958,997</u>		
			LONG TERM DEBT	29,493,596
CONTRIBUTIONS RECEIVABLE	640,865	562,467		30,154,792
INVESTMENTS	4,250,837	4,250,837	REFUNDABLE LIFE LEASE PROCEEDS	8,646,015
CEDARS OF DEXTER CONTINGENCY FUND	1,605,001	1,603,262	INTEREST RATE SWAP	300,852
LIMITED USE FUNDS			LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	160,099
Debt Service Reserve Fund	809,788	809,788	Total liabilities	<u>45,809,964</u>
Restricted Deposit	250,000	-		45,335,012
Total Limited Use Funds	<u>1,059,788</u>	<u>809,788</u>	NET ASSETS	
PROPERTY AND EQUIPMENT	53,435,014	54,679,434	Unrestricted:	
OTHER ASSETS			Undesignated	25,694,350
Loan to Affiliate	1,310,637	1,045,895	Board designated	22,334,159
Bond issue costs & Bond Discount	901,722	928,954	Total unrestricted	<u>48,028,509</u>
Pledged Assets held by Affiliate	-	-	Restricted:	
Investment in Affiliate	6,090,402	5,146,238	Temporarily restricted	1,854,794
Beneficial Interest in Perpetual Trusts	296,292	296,292	Permanently restricted	4,044,134
Total other assets	<u>8,599,053</u>	<u>7,417,379</u>	Total restricted	<u>5,898,928</u>
			Total net assets	<u>53,927,437</u>
Total assets	<u>99,737,401</u>	<u>101,282,164</u>	Total liabilities and net assets	<u>99,737,401</u>
				101,282,164

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

9/30/2015

	Actual						Budget						9/30/2014 Actual
	Chelsea Retirement Community	Cedars of Dexter	UMRC Heritage Foundation	UMRC Corporate Office	Inter-Co Eliminations	Total	Chelsea Retirement Community	Cedars of Dexter	UMRC Heritage Foundation	UMRC Corporate Office	Inter-Co Eliminations	Total	
Operating revenue:													
Net resident revenue	21,156,402	1,501,323	-	-	-	22,657,725	20,870,918	1,495,085	-	-	-	22,366,003	21,278,829
Life Lease revenue	-	454,789	-	-	-	454,789	-	402,500	-	-	-	402,500	494,801
Unrestricted Contributions	-	-	540,258	-	-	540,258	-	-	542,000	-	-	542,000	378,924
Other	100,090	14,105	-	1,372,261	(1,216,700)	269,756	115,650	-	-	1,365,123	(1,216,700)	264,073	272,956
Total operating revenue	21,256,492	1,970,217	540,258	1,372,261	(1,216,700)	23,922,528	20,986,568	1,897,585	542,000	1,365,123	(1,216,700)	23,574,576	22,425,510
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	10,144,003	345,754	268,525	1,013,134	-	11,771,416	9,895,923	304,172	288,704	881,013	-	11,369,812	11,037,644
Employee benefits	2,129,589	66,778	60,755	180,727	-	2,437,849	2,327,594	86,090	78,472	190,162	-	2,682,318	2,362,208
Food	761,297	72,685	-	-	-	833,982	654,817	73,934	-	-	-	728,751	752,787
Medical care	655,820	-	-	-	-	655,820	653,932	-	-	-	-	653,932	624,257
Utilities	633,297	79,996	1,969	11,279	-	726,541	711,737	68,336	2,250	3,450	-	785,773	650,142
Repairs and maintenance	931,124	239,372	-	-	-	1,170,496	631,175	240,125	-	-	-	871,300	922,518
Supplies	481,063	32,480	-	-	-	513,543	439,695	21,323	-	-	-	461,018	462,196
Provider tax	231,173	-	-	-	-	231,173	243,356	-	-	-	-	243,356	244,833
Bad debts	134,098	-	-	-	-	134,098	69,098	-	-	-	-	69,098	80,079
Miscellaneous	1,825,493	200,912	194,668	432,809	(1,216,700)	1,437,182	1,730,846	196,036	284,284	429,083	(1,216,700)	1,423,549	1,393,553
Depreciation	1,969,506	473,505	2,805	32,213	-	2,478,029	1,969,506	473,505	2,805	32,213	-	2,478,029	2,369,287
Interest expense	586,453	181,258	-	-	-	767,711	628,212	194,730	-	-	-	822,942	539,452
Grant Distributions	-	-	20,824	-	-	20,824	-	-	22,000	-	-	22,000	17,946
Real estate taxes	213,823	234,313	-	-	-	448,136	213,155	237,791	-	-	-	450,946	435,066
Total operating expenses	20,696,739	1,927,053	549,546	1,670,162	(1,216,700)	23,626,800	20,169,046	1,896,042	678,515	1,535,921	(1,216,700)	23,062,824	21,891,968
Operating Income (Loss) - before other operating activities	559,753	43,164	(9,288)	(297,901)	-	295,728	817,522	1,543	(136,515)	(170,798)	-	511,752	533,542
Non Operating Income (Expense)													
Restricted Contributions	-	-	2,256,509	-	-	2,256,509	-	-	1,565,000	-	-	1,565,000	698,376
Restricted Grant Distribution	-	-	(2,000,000)	-	-	(2,000,000)	-	-	(1,500,000)	-	-	(1,500,000)	-
Development Costs	-	-	-	(211,533)	-	(211,533)	-	-	-	(386,657)	-	(386,657)	(10,046)
Investment in Affiliate	-	-	-	(359,390)	-	(359,390)	-	-	-	-	-	-	(577,644)
Loss on Refinance	-	-	(15,725)	-	-	(15,725)	-	-	-	-	-	-	-
Interest/Dividend Income	-	-	254,113	-	-	254,113	-	-	96,000	-	-	96,000	212,404
Realized Investment Gains	-	-	367,312	-	-	367,312	-	-	-	-	-	-	4,280,343
Unrealized Investment Gains/(losses)	-	-	(2,413,149)	-	-	(2,413,149)	-	-	-	-	-	-	(3,988,719)
Change in Value of Swaps	(261,035)	67,455	-	-	-	(193,580)	-	-	-	-	-	-	44,402
Change in Net Assets	298,718	110,619	(1,560,228)	(868,824)	-	(2,019,715)	817,522	1,543	24,485	(557,455)	-	286,095	1,192,658

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
YEAR ENDED 9/30/2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	(2,019,715)
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	2,478,029
Amortization of Deferred Life Lease Revenue	(454,789)
Amortization of bond issue costs	27,232
Realized and unrealized (gains)/loss on investments	2,045,837
Loss on disposal of fixed assets	-
Bad debt expense	134,098
Decrease (Increase) in operating assets:	
Accounts receivable	(579,759)
Prepaid expenses and other current assets	236,932
Contribution receivable	(4,600)
Increase (decrease) in operating liabilities:	
Accounts payable	390,229
Accrued and other liabilities	574,311
Interest Rate Swap	193,579
Liability under split-interest agreements	(19,800)
Net cash provided by operating activities	<u>3,001,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(1,233,609)
Change in escrows and reserves	(566,963)
Purchase of investments	(464,528)
Proceeds from sale of investments	1,110,398
Investment in related organizations	<u>(1,353,506)</u>
Net cash used in investing activities	<u>(2,508,208)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Cedars of Dexter Life Leases	591,934
Refunds of life lease entrance fees	(139,316)
Proceeds from issuance of debt	-
Principal payments on long-term debt	(661,196)
Net cash provided by (used in) financing activities	<u>(208,578)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	284,798
CASH AND CASH EQUIVALENTS - Beginning of year	<u>4,172,414</u>
CASH AND CASH EQUIVALENTS - End of period	<u>4,457,212</u>

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

Sep-15

Location	2015 Budget	Sep-15 Actual	Variance	Sep-14 Actual	Variance		YTD 2015 Budget	YTD 2015 Actual	Variance	YTD 2014 Actual	Variance
CRC Independent Living											
Average Census	103.50	117.23	13.73	105.07	12.17		103.51	111.52	8.01	100.08	11.44
Average Occupancy %	84.84%	96.09%	11.26%	90.57%	5.52%		84.84%	91.41%	6.57%	86.28%	5.13%
Resident Days	3,105	3,517	412	3,152	365		28,257	30,445	2,188	27,322	3,123
CRC Glazier AL/Commons											
Average Census	62.00	65.20	3.20	45.07	20.13		62.00	60.81	-1.19	72.79	-11.98
Average Occupancy %	93.94%	98.79%	4.85%	93.89%	4.90%		93.94%	92.14%	-1.80%	89.16%	2.98%
Resident Days	1,860	1,956	96	1,352	604		16,926	16,602	-324	11,683	4,919
Towsley Village											
Average Census	79.00	78.70	-0.30	89.93	-11.23		79.00	79.29	0.29	89.19	-9.90
Average Occupancy %	91.86%	91.51%	-0.35%	97.75%	-6.24%		91.86%	92.20%	0.34%	90.80%	1.40%
Resident Days	2,370	2,361	-9	2,698	-337		21,567	21,646	79	24,348	-2,702
Kresge Nursing											
Average Census	79.00	79.33	0.33	77.47	1.87		79.00	77.82	-1.18	79.57	-1.75
Average Occupancy %	92.94%	93.33%	0.39%	91.14%	2.20%		92.94%	91.56%	-1.38%	93.61%	-2.06%
Resident Days											
Private	360	303	-57	668	-365		3,276	3,991	715	4,028	-37
Medicaid	690	726	36	537	189		6,279	5,979	-300	5,763	216
Medicare	990	994	4	705	289		9,009	7,857	-1,152	8,269	-412
Medicare HMO	240	261	21	371	-110		2,184	2,771	587	2,884	-113
Commercial Ins	90	96	6	43	53		819	648	-171	779	-131
Total	2,370	2,380	10	2,324	56		21,567	21,246	-321	21,723	-477

Census	
YTD 2015	Sep-15
92.92%	95.58%
YTD 2014	Sep-14
91.03%	94.15%

The Cedars of Dexter Independent Living

Capacity											
Average Census	59.00	60.00	1.00	60.00	0.00		59.00	60	0.89	59.67	0.22
Average Occupancy %	98.33%	100.00%	1.67%	100.00%	0.00%		98.33%	99.82%	1.48%	99.45%	0.37%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (10/1/14-9/30/15)	
Change in Unrestricted Net Assets	(1,977,804)
Plus:	
Entrance Fees Received	1,109,634
Depreciation, Amortization	3,242,392
Interest Expense	1,045,845
Other Adjustments	
Unrealized (Gains) / Losses in Investments	2,484,937
Unrealized (Gains) / Losses in Joint Venture	483,586
Change in Value of Swap	195,327
Loss on advanced refunding	133,990
Less:	
Refunds on Entrance Fees	(530,408)
Initial Entrance Fees	(1,109,634)
Amortization of Entrance Fees	(597,791)
Net Income Available for Debt Service	4,480,074
Historical Annual Debt Service Requirement:	1,795,287
Historical Debt Service Coverage Ratio	2.50
Liquidity Ratio	
(i) Unrestricted Cash and Investments	25,176,574
(ii) Operating Expenses (incl. dev. Exp)	31,494,958
Less:	
Depreciation Expense	(3,257,440)
Bad Debt Expense	(211,739)
Adjusted Expenses	28,025,779
(iii) Adjusted Expenses / 365	76,783
(i) / (iii) Days Cash on Hand	327.89