

United Methodist Retirement Communities, Inc.
3rd Quarter 2016 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, 2016.**

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.

United Methodist Retirement Communities, Inc.
3rd Quarter 2016 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 % 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 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. UMRC divested of its membership interest in June 2016 with a refund of the original purchase price. 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, located in Lansing, MI. Senior CommUnity Care operates a PACE program serving Ingham, Clinton and Eaton Counties and opened Spring 2015.
 - UMRC has an 80% controlling financial interest in The Cascade PACE, Inc. d/b/a Thome PACE that is located in Jackson, Michigan. Thome PACE operates a PACE program serving in Jackson, Lenawee and Hillsdale Counties and opened March 2016.

Operating Results

The interim financial statements are prepared under the same methodology as the audited year-end financial statements. However, certain items in the interim financial statements may be recorded in different sections of the income statement. Typically, the only material item relates to assets released from restriction. For this report those amounts have been included. Explanations below are for areas that have a variance of 5% or more from budget.

Census

Location	YTD 2016 Budget	YTD 2016 Actual	Variance	YTD 2015 Actual	Variance
CRC Independent Living (122 units)	88.5%	94.2%	5.7%	91.4%	2.8%
CRC Assisted Living (156 units)	91.7%	96.0%	4.3%	92.1%	3.9%
CRC Skilled Nursing (85 beds)	92.4%	87.5%	(4.9%)	91.6%	(4.1%)
Cedars of Dexter – Ind. Living (60 units)	98.3%	98.4%	0.1%	99.8%	(1.4%)

United Methodist Retirement Communities, Inc.
3rd Quarter 2016 Management Discussion of Financial Performance and Position

In aggregate, census is approximately 2.3% over budget and 1.2% above last year.

Revenue

Overall operating revenue is .4%, or \$110k, under budget.

- Census higher than budget resulted in resident revenue \$63K (.3%) over budget. This is less than the amount census is over budget since skilled nursing was below budget in census and had a shift from Medicare to Medicaid which lowers revenue per day.
- Unrestricted contribution revenue is \$273K below budget. This is offset by restricted contributions \$3.5M over budget.
- Other revenue is \$42K over budget due to interim affiliate work taken on during 2016.

Expenses

Overall operating expenses are .7% below budget. Key variances include:

- Wages are \$220K (1.8%) over budget due primarily to more time spent by corporate office staff on operations compared to budget. There is a corresponding \$300K positive variance in development cost expenses in non-operating income.
- Employee benefits are \$403K (15%) below budget due to lower health insurance costs than planned and an adjustment related to prior bills.
- Food costs are \$45K (8%) below budget as a result of a change over from contracted services to in-house run dining services as of fall 2015.
- Provider tax is \$22K (8%) below budget due lower than planned rates as part of 2016 UMRC budget process.
- Interest expense is \$53K (6%) below budget due to continued favorable rates on variable interest borrowings below budget amounts.
- Real estate taxes above budget due to additional taxes on new building added in late 2014.

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 \$3.5M higher than budget due to two \$2.5M donations received.
- Net development costs are \$300,000 under budget due less than expected time spent on development projects in Q1/Q2 and more spent on internal planning and operations.
- The decrease in investment in affiliate is net and is predominantly driven by the PACE organizations. Start-up losses are 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

United Methodist Retirement Communities, Inc.
3rd Quarter 2016 Management Discussion of Financial Performance and Position

for Senior CommUnity Care and 2019 for Thome PACE. Additionally, the investment in Caring Partners Home Health was sold in June 2016 for \$1.3M.

- Overall realized/unrealized investment returns approximate a 6% return year to date.
- Loss in value of swap driven is mainly by market conditions. Over time this should return to \$0 and is the result of a 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	2015 Year-end	2016 Year-to- Date	CARF Median	CARF 75th
Operating Margin Ratio	4.5%	6.7%	-0.1%	4.0%
Net Operating Margin Ratio	11.8%	13.4%	6.2%	10.8%
Days Cash on Hand	330	362	272	418
Days in A/R (net of allowances)	25.8	18.9	21	13
Average Age of Plant	12.7	13.2	12.9	11.2
LTD as a % of Total Capital Ratio (rolling 4 quarter)	37.2%	34.0%	76.2%	52.4%
Debt Service Coverage Ratio	3.0	3.3	2.7	3.4

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 above the 75th percentile, indicating strong profitability from operations. Operating results are better than budget.
- 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 is between median and 75th percentile. Efforts are focused on reducing time to collect. Trend over the last 6 months is a decrease in days in A/R.
- Average age of plant is consistent with the median of peer organizations. Significant main improvements are planned that should improve this number over the next 2-3 years.
- Long-term debt to capital and debt service coverage are at or better than 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 September 30, 2016, UMRC OG has 3 outstanding debt issuances, 1 debt guarantee and was in the processes of closing on a new revolving loan agreement.

- UMRC Series 2012 limited obligation revenue bonds with an original issuance of \$10M, current principal balance of \$7.8M, with monthly principal and interest payments through the maturity date of November 15, 2027. These are variable rate bonds issued through the Economic Development Corporation of the Village of Chelsea and concurrently acquired by a financial institution as part of a bond purchase agreement.

United Methodist Retirement Communities, Inc.
3rd Quarter 2016 Management Discussion of Financial Performance and Position

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 \$10.8M, 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%.
- UMRC Series 2014 limited obligation revenue bonds with an original issuance of \$11.5M, current principal balance of \$11.0M, 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 June 30, 2016.
- 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, 2016 there was \$0 principle balance 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:

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, 2016.

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

ASSETS			LIABILITIES AND NET ASSETS		
	<u>9/30/2016</u>	<u>12/31/2015</u>		<u>9/30/2016</u>	<u>12/31/2015</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	5,065,189	5,025,234	Current portion of long-term debt	1,098,454	1,098,454
Cash held in escrow	286,954	291,206	Life Lease Deposits	244,236	80,506
Contributions Receivable - Current	6,289,416	260,337	Accounts payable	1,379,759	896,044
Due from Affiliate	211,253	131,302	Due to Affiliate	-	-
Accounts Receivable	1,624,877	2,170,252	Accrued and other liabilities	1,403,722	1,369,831
Investments	23,222,361	21,526,902	Deferred Life Lease Revenue	2,788,724	2,913,809
Assets limited as to use	429,830	109,053	Liability under split-interest agreements	30,698	30,698
Prepaid expenses and other current assets	964,294	699,410	Total current liabilities	6,945,593	6,389,342
Total current assets	38,094,174	30,213,696	LONG TERM DEBT	28,378,279	29,060,344
CONTRIBUTIONS RECEIVABLE	617,713	666,650	REFUNDABLE LIFE LEASE PROCEEDS	7,587,754	8,470,063
INVESTMENTS	4,418,253	4,418,253	INTEREST RATE SWAP	413,232	218,826
CEDARS OF DEXTER CONTINGENCY FUND	1,607,332	1,605,587	LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	139,407	156,652
LIMITED USE FUNDS			Total liabilities	43,464,265	44,295,227
Debt Service Reserve Fund	809,798	809,788	NET ASSETS		
Restricted Deposit	250,000	250,000	Unrestricted:		
Total Limited Use Funds	1,059,798	1,059,788	Undesignated	29,873,144	27,970,021
PROPERTY AND EQUIPMENT	54,361,404	53,371,525	Board designated	21,143,885	21,143,885
OTHER ASSETS			Total unrestricted	51,017,029	49,113,906
Loan to Affiliate	745,124	833,019	Restricted:		
Bond issue costs & Bond Discount	871,181	902,968	Temporarily restricted	7,721,219	2,221,219
Pledged Assets held by Affiliate	-	-	Permanently restricted	4,341,723	4,341,723
Investment in Affiliate	4,400,279	6,531,611	Total restricted	12,062,942	6,562,942
Beneficial Interest in Perpetual Trusts	368,978	368,978	Total net assets	63,079,971	55,676,848
Total other assets	6,385,562	8,636,576	Total liabilities and net assets	106,544,236	99,972,075
Total assets	106,544,236	99,972,075			

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

	9/30/2016						9/30/2015						
	Actual						Budget						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	22,019,868	1,530,032	-	-	-	23,549,900	21,945,378	1,541,536	-	-	-	23,486,914	22,657,725
Life Lease revenue	-	470,331	-	-	-	470,331	-	414,000	-	-	-	414,000	454,789
Unrestricted Contributions	-	-	376,243	-	-	376,243	-	-	649,400	-	-	649,400	540,258
Assets released from restriction	-	-	386,250	-	-	386,250	-	-	386,250	-	-	386,250	375,000
Other	211,513	9,739	37,500	1,711,217	(1,292,274)	677,695	193,981	10,125	37,500	1,685,666	(1,292,112)	635,160	269,756
Total operating revenue	22,231,381	2,010,102	799,993	1,711,217	(1,292,274)	25,460,419	22,139,359	1,965,661	1,073,150	1,685,666	(1,292,112)	25,571,724	24,297,528
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	10,233,976	350,386	410,443	1,235,951	-	12,230,756	10,250,438	318,955	458,375	983,017	-	12,010,785	11,771,416
Employee benefits	2,213,988	62,176	130,886	323,333	-	2,730,383	2,604,242	89,457	142,157	297,248	-	3,133,104	2,437,849
Food	750,824	84,440	-	-	-	835,264	776,452	70,369	-	-	-	846,821	833,982
Medical care	703,508	-	-	-	-	703,508	693,471	-	-	-	-	693,471	655,820
Utilities	578,489	66,129	-	-	-	644,618	592,674	56,632	-	-	-	649,306	726,541
Repairs and maintenance	706,535	248,408	-	-	-	954,943	736,135	220,044	-	-	-	956,179	1,170,496
Supplies	457,359	26,157	20,251	14,218	-	517,985	453,908	20,972	38,997	14,636	-	528,513	513,543
Provider tax	257,467	-	-	-	-	257,467	279,531	-	-	-	-	279,531	231,173
Bad debts	101,328	-	-	-	-	101,328	93,744	-	-	-	-	93,744	134,098
Miscellaneous	1,952,295	216,176	394,346	306,248	(1,292,274)	1,576,791	1,882,362	206,936	333,744	397,068	(1,292,112)	1,527,998	1,437,182
Depreciation	2,009,475	477,081	2,178	45,153	-	2,533,887	2,009,475	477,081	2,178	45,153	-	2,533,887	2,478,029
Interest expense	587,924	183,937	-	-	-	771,861	620,766	203,958	-	-	-	824,724	767,711
Grant Distributions	-	-	21,646	-	-	21,646	-	-	32,000	-	-	32,000	20,824
Real estate taxes	289,664	225,257	-	-	-	514,921	214,297	238,940	-	-	-	453,237	448,136
Total operating expenses	20,842,832	1,940,147	979,750	1,924,903	(1,292,274)	24,395,358	21,207,495	1,903,344	1,007,451	1,737,122	(1,292,112)	24,563,300	23,626,800
Operating Income (Loss) - before other operating activities	1,388,549	69,955	(179,757)	(213,686)	-	1,065,061	931,864	62,317	65,699	(51,456)	-	1,008,424	670,728
Non Operating Income (Expense)													
Restricted Contributions	-	-	6,740,344	-	-	6,740,344	-	-	3,224,940	-	-	3,224,940	2,256,509
Assets released from restrictions	-	-	(386,250)	-	-	(386,250)	-	-	(386,250)	-	-	(386,250)	(375,000)
Loss on disposition of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	(2,000,000)
Development Costs	-	-	-	(186,177)	-	(186,177)	-	-	-	(488,768)	-	(488,768)	(211,533)
Investment in Affiliate	-	-	-	(1,252,110)	-	(1,252,110)	-	-	-	-	-	-	(359,390)
Loss on Refinance	-	-	-	-	-	-	-	-	-	-	-	-	(15,725)
Interest/Dividend Income	-	-	167,427	-	-	167,427	-	-	-	-	-	-	254,113
Realized Investment Gains	-	-	(308)	-	-	(308)	-	-	-	-	-	-	367,312
Unrealized Investment Gains/(losses)	-	-	1,449,542	-	-	1,449,542	-	-	-	-	-	-	(2,413,149)
Change in Value of Swaps	(26,684)	(167,722)	-	-	-	(194,406)	-	-	-	-	-	-	(193,580)
Change in Net Assets	1,361,865	(97,767)	7,790,998	(1,651,973)	-	7,403,123	931,864	62,317	2,904,389	(540,224)	-	3,358,346	(2,019,715)

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
YEAR ENDED 9/30/2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	7,403,123
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	2,533,887
Amortization of Deferred Life Lease Revenue	(470,331)
Amortization of bond issue costs	31,787
Realized and unrealized (gains)/loss on investments	(1,449,234)
Loss on disposal of fixed assets	-
Bad debt expense	101,328
Decrease (Increase) in operating assets:	
Accounts receivable	444,047
Prepaid expenses and other current assets	(264,884)
Contribution receivable	(5,980,142)
Increase (decrease) in operating liabilities:	
Accounts payable	483,715
Accrued and other liabilities	33,891
Interest Rate Swap	194,406
Liability under split-interest agreements	(17,245)
Net cash provided by operating activities	<u>3,044,348</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(3,523,766)
Change in escrows and reserves	(318,280)
Purchase of investments	(246,225)
Proceeds from sale of investments	-
Investment in related organizations	<u>2,139,276</u>
Net cash used in investing activities	<u>(1,948,995)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	514,176
Refunds of life lease entrance fees	(887,509)
Proceeds from issuance of debt	-
Principal payments on long-term debt	(682,065)
Net cash provided by (used in) financing activities	<u>(1,055,398)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 39,955
CASH AND CASH EQUIVALENTS - Beginning of year	<u>5,025,234</u>
 CASH AND CASH EQUIVALENTS - End of period	 <u>5,065,189</u>

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

Sep-16

Location	2016 Budget	Sep-16 Actual	Variance	Sep-15 Actual	Variance		YTD 2016 Budget	YTD 2016 Actual	Variance	YTD 2015 Actual	Variance
<i>CRC Independent Living</i>											
Average Census	108.00	113.70	5.70	117.23	-3.53		108.00	114.95	6.95	111.52	3.43
Average Occupancy %	88.52%	93.20%	4.67%	96.09%	-2.89%		88.52%	94.22%	5.70%	91.41%	2.81%
Resident Days	3,240	3,411	171	3,517	-106		29,592	31,497	1,905	30,445	1,052
<i>CRC Glazier AL/Commons</i>											
Average Census	62.00	63.57	1.57	65.20	-1.63		62.00	63.09	1.09	60.81	2.27
Average Occupancy %	93.94%	96.31%	2.37%	98.79%	-2.48%		93.94%	95.59%	1.65%	92.14%	3.45%
Resident Days	1,860	1,907	47	1,956	-49		16,988	17,286	298	16,602	684
<i>Towsley Village</i>											
Average Census	81.00	87.03	6.03	78.70	8.33		81.00	86.61	5.61	79.29	7.32
Average Occupancy %	90.00%	96.70%	6.70%	91.51%	5.19%		90.00%	96.23%	6.23%	92.20%	4.04%
Resident Days	2,430	2,611	181	2,361	250		22,194	23,731	1,537	21,646	2,085
<i>Kresge Nursing</i>											
Average Census	78.50	67.57	-10.93	79.33	-11.77		78.51	74.38	-4.13	77.82	-3.45
Average Occupancy %	92.35%	79.49%	-12.86%	93.33%	-13.84%		92.36%	87.50%	-4.86%	91.56%	-4.06%
Resident Days											
Private	450	366	-84	303	63		4,110	3,233	-877	3,991	-758
Medicaid	675	609	-66	726	-117		6,167	6,630	463	5,979	651
Medicare	810	725	-85	994	-269		7,398	6,967	-431	7,857	-890
Medicare HMO	360	286	-74	261	25		3,288	2,907	-381	2,771	136
Commercial Ins	60	41	-19	96	-55		548	642	94	648	-6
Total	2,355	2,027	-328	2,380	-353		21,511	20,379	-1,132	21,246	-867

Census	
YTD 2016	Sep-16
94.10%	91.93%
YTD 2015	Sep-15
92.92%	95.58%

The Cedars of Dexter Independent Living

Capacity							60				
Average Census	59.00	57.00	-2.00	60.00	-3.00		59.00	59.03	0.03	59.89	-0.86
Average Occupancy %	98.33%	95.00%	-3.33%	100.00%	-5.00%		98.33%	98.38%	0.05%	99.82%	-1.43%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (10/1/15-9/30/16)	
Change in Unrestricted Net Assets	3,338,336
Plus:	
Entrance Fees Received	726,366
Depreciation, Amortization	3,400,142
Interest Expense	986,178
Other Adjustments	
Unrealized (Gains) / Losses in Investments	(1,281,804)
Unrealized (Gains) / Losses in Joint Venture	1,339,202
Change in Value of Swap	112,379
Loss on advanced refunding	-
Less:	
Refunds on Entrance Fees	(1,168,293)
Amortization of Entrance Fees	(590,103)
Net Income Available for Debt Service	6,862,403
Historical Annual Debt Service Requirement:	2,051,516
Historical Debt Service Coverage Ratio	3.35
Liquidity Ratio	
(i) Unrestricted Cash and Investments	28,887,427
(ii) Operating Expenses (incl. dev. Exp)	32,666,229
Less:	
Depreciation Expense	(3,400,142)
Bad Debt Expense	(170,749)
Adjusted Expenses	29,095,338
(iii) Adjusted Expenses / 365	79,713
(i) / (iii) Days Cash on Hand	362.39