

United Methodist Retirement Communities, Inc.  
1<sup>st</sup> Quarter 2017 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 three months ended March 31, 2017**.

*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 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***

<b>Location</b>	<b>YTD 2017 Budget</b>	<b>YTD 2017 Actual</b>	<b>Variance</b>	<b>YTD 2016 Actual</b>	<b>Variance</b>
CRC Independent Living (125 units)	88.5%	91.4%	2.9%	94.5%	(3.1%)
CRC Assisted Living (156 units)	94.9%	93.6%	(1.3%)	96.6%	(3.0%)
CRC Skilled Nursing (85 beds)	90.0%	85.4%	(4.6%)	89.0%	(3.6%)
Cedars of Dexter – Ind. Living (60 units)	98.3%	93.9%	(4.4%)	99.2%	(2.5%)

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Please note IL units were 122 in 2016. We are in the process of constructing 41 additional IL cottages which will bring the total to 163. As of the first quarter of 2017 3 units had been completed and have been factored into the census calculations. In aggregate, census is approximately 2.0% behind budget and 3.9% behind last year. Decrease in skilled nursing census is consistent with national trends and has been increasing late March into April. Focused efforts are in place to increase census across areas of living.

**Revenue**

Overall operating revenue is 4.0%, or \$355k, under budget.

- Census and product mix lower than budget resulted in resident revenue \$280K (3.5%) under budget. This is more than the amount census is under budget since skilled nursing was below budget in census and had a shift from Medicare to Medicaid which lowers revenue per day. Skilled nursing census has increased from late March into April with a positive impact to this trend expected.
- Unrestricted contribution revenue is \$65K below budget. Significant amounts of outstanding gift requests are outstanding and this amount is expected to be in line with budget by year end.
- Other revenue is \$15K under budget due management fees from affiliates lower due to affiliate lower revenue.

**Expenses**

Overall operating expenses are \$90K below budget (1.1%). Key variances include:

- Employee benefits are \$70K (7%) below budget due to lower health insurance costs than planned and significantly lower worker's compensation claims.
- Food costs are \$13K (5%) over due to timing of food purchases in the first quarter of the year.
- Supplies are \$10K (5%) below budget due to lower skilled nursing census.
- Provider tax is \$9K (10%) below budget due lower than planned rates as part of 2017 UMRC budget process.
- Miscellaneous expense is \$45K (8%) over budget primarily due to higher IT support costs for phones and HR systems, and increased marketing costs aimed at increasing census.
- Interest expense is \$35K (11%) below budget due to continued favorable rates on variable interest borrowings and slower draw process on the revolving loan.
- Grant distributions below budget \$12K due to timing of employee scholarship grants.

**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:

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- Restricted contributions \$1.7M lower than budget. Significant amounts of outstanding gift requests are outstanding and this amount is expected to be in line with budget by year end.
- Net development costs are \$13K under budget due less than expected time spent on development projects in Q1 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 2017 for Huron Valley PACE, 2018 for Senior Community Care and 2019 for Thome PACE.
- Overall realized/unrealized investment returns approximate a 12%+ return year to date.
- Gain 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**

<b>Ratio</b>	<b>2016 Year-end</b>	<b>2017 Year-to- Date</b>	<b>CARF Median</b>	<b>CARF 75th</b>
Operating Margin Ratio	5.6%	1.9%	-0.9%	3.9%
Net Operating Margin Ratio	11.6%	7.9%	5.9%	11.8%
Days Cash on Hand	356	372	311	460
Days in A/R (net of allowances)	18.2	19.7	18	12
Average Age of Plant	12.9	13.0	12.6	11.5
LTD as a % of Total Capital Ratio (rolling 4 quarter)	38.3%	39.4%	70.0%	49.5%
Debt Service Coverage Ratio	2.4	2.4	2.5	4.1

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 50<sup>th</sup> and 75<sup>th</sup> percentile, indicating solid profitability from operations.
- Days cash on hand is between the 50<sup>th</sup> and 75<sup>th</sup> percentile of peer organizations and indicates more than adequate cash reserves.
- Days in A/R are just below median. Efforts are focused on reducing time to collect. Trend over the last 18 months is a decrease in days in A/R.
- Average age of plant is consistent with the median of peer organizations. Significant main campus investments are planned that should improve this number over the next 2-3 years.
- Long-term debt to capital is better than the 75<sup>th</sup> 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.

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**Capital Financing**

As of March 31, 2017, UMRC OG has 3 outstanding bond issuances, 1 debt guarantee and a revolving loan agreement.

- UMRC Series 2012 limited obligation revenue bonds with an original issuance of \$10M, current principal balance of \$7.5M, 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 \$10.5M, 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 \$10.8M, 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 March 31, 2017.
- 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 March 31, 2017, there was \$4.9M 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

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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](mailto:sfetyko@umrc.com)

Attached are interim financial statements as of, and for the period ending, March 31, 2017.

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

ASSETS			LIABILITIES AND NET ASSETS		
	<u>3/31/2017</u>	<u>12/31/2016</u>		<u>3/31/2017</u>	<u>12/31/2016</u>
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	7,763,855	6,748,794	Current portion of long-term debt	1,128,390	1,128,390
Cash held in escrow	718,367	979,078	Life Lease Deposits	1,279,614	597,898
Contributions Receivable - Current	3,072,506	3,201,994	Accounts payable	1,441,335	1,372,343
Due from Affiliate	154,902	184,604	Due to Affiliate	-	-
Accounts Receivable	1,644,965	1,559,901	Accrued and other liabilities	1,627,149	1,583,795
Investments	3,599,103	3,593,784	Deferred Life Lease Revenue	3,286,978	2,904,664
Assets limited as to use	402,579	134,191	Liability under split-interest agreements	21,158	21,158
Prepaid expenses and other current assets	811,207	696,087	<b>Total current liabilities</b>	<u>8,784,624</u>	<u>7,608,248</u>
<b>Total current assets</b>	<u>18,167,484</u>	<u>17,098,433</u>			
<b>CONTRIBUTIONS RECEIVABLE</b>	4,460,528	4,475,405	<b>LONG TERM DEBT</b>	32,792,132	30,729,483
<b>INVESTMENTS</b>	29,853,694	28,609,693	<b>REFUNDABLE LIFE LEASE PROCEEDS</b>	7,257,364	7,264,357
<b>CEDARS OF DEXTER CONTINGENCY FUND</b>	-	-	<b>INTEREST RATE SWAP</b>	113,122	143,028
<b>LIMITED USE FUNDS</b>			<b>LIABILITY UNDER SPLIT-INTEREST AGREEMENTS</b>	100,127	103,779
Debt Service Reserve Fund	810,081	809,788	<b>Total liabilities</b>	<u>49,047,369</u>	<u>45,848,895</u>
Restricted Deposit	250,000	250,000			
<b>Total Limited Use Funds</b>	<u>1,060,081</u>	<u>1,059,788</u>	<b>NET ASSETS</b>		
<b>PROPERTY AND EQUIPMENT</b>	58,844,969	57,181,963	Unrestricted:		
<b>OTHER ASSETS</b>			Undesignated	29,161,005	27,944,950
Loan to Affiliate	822,458	837,267	Board designated	21,225,712	21,541,062
Bond issue costs & Bond Discount	1,030,159	1,051,082	<b>Total unrestricted</b>	<u>50,386,717</u>	<u>49,486,012</u>
Pledged Assets held by Affiliate	-	-	Restricted:		
Investment in Affiliate	3,922,543	3,749,106	Temporarily restricted	9,701,351	9,701,351
Beneficial Interest in Perpetual Trusts	373,865	373,865	Permanently restricted	9,400,344	9,400,344
<b>Total other assets</b>	<u>6,149,025</u>	<u>6,011,320</u>	<b>Total restricted</b>	<u>19,101,695</u>	<u>19,101,695</u>
<b>Total assets</b>	<u>118,535,781</u>	<u>114,436,602</u>	<b>Total net assets</b>	<u>69,488,412</u>	<u>68,587,707</u>
			<b>Total liabilities and net assets</b>	<u>118,535,781</u>	<u>114,436,602</u>

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

**COMBINING STATEMENT OF OPERATIONS**

**3/31/2017**

	<b>Actual</b>						<b>Budget</b>						<b>3/31/2016</b>
	<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>	<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>	<b>Actual</b>
Operating revenue:													
Net resident revenue	7,119,162	497,607	-	-	-	7,616,769	7,374,991	528,177	-	-	-	7,903,168	8,122,939
Life Lease revenue	-	144,230	-	-	-	144,230	-	134,172	-	-	-	134,172	117,126
Unrestricted Contributions	-	-	34,350	-	-	34,350	-	-	99,800	-	-	99,800	247,306
Assets released from restriction	-	-	250,000	-	-	250,000	-	-	250,000	-	-	250,000	128,750
Other	72,078	5,884	14,000	585,498	(447,029)	230,431	66,751	-	14,000	610,395	(447,029)	244,117	221,831
<b>Total operating revenue</b>	<b>7,191,240</b>	<b>647,721</b>	<b>298,350</b>	<b>585,498</b>	<b>(447,029)</b>	<b>8,275,780</b>	<b>7,441,742</b>	<b>662,349</b>	<b>363,800</b>	<b>610,395</b>	<b>(447,029)</b>	<b>8,631,257</b>	<b>8,837,952</b>
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	3,374,070	101,832	151,441	467,555	-	4,094,898	3,402,395	102,318	153,952	424,193	-	4,082,858	4,038,406
Employee benefits	769,408	21,880	53,054	132,744	-	977,086	845,612	23,991	51,975	126,033	-	1,047,611	870,702
Food	269,797	21,172	-	-	-	290,969	251,870	25,151	-	-	-	277,021	256,215
Medical care	212,555	-	-	-	-	212,555	233,914	-	-	-	-	233,914	247,227
Utilities	194,080	18,538	-	-	-	212,618	202,300	14,224	-	-	-	216,524	206,242
Repairs and maintenance	278,651	100,841	-	-	-	379,492	278,651	86,650	-	-	-	365,301	322,460
Supplies	151,814	8,813	8,942	3,957	-	173,526	155,808	9,372	13,000	5,375	-	183,555	178,040
Provider tax	86,948	-	-	-	-	86,948	95,388	-	-	-	-	95,388	85,822
Bad debts	31,250	-	-	-	-	31,250	31,250	-	-	-	-	31,250	31,248
Miscellaneous	723,304	71,571	141,327	110,937	(447,029)	600,110	671,561	62,623	150,644	117,099	(447,029)	554,898	695,130
Depreciation	730,843	163,971	1,026	15,252	-	911,092	738,675	163,971	1,026	15,252	-	918,924	844,629
Interest expense	216,737	62,613	-	-	-	279,350	251,020	63,777	-	-	-	314,797	246,509
Grant Distributions	-	-	6,530	-	-	6,530	-	-	18,125	-	-	18,125	1,748
Real estate taxes	115,635	77,363	-	-	-	192,998	123,165	76,485	-	-	-	199,650	171,596
<b>Total operating expenses</b>	<b>7,155,092</b>	<b>648,594</b>	<b>362,320</b>	<b>730,445</b>	<b>(447,029)</b>	<b>8,449,422</b>	<b>7,281,609</b>	<b>628,562</b>	<b>388,722</b>	<b>687,952</b>	<b>(447,029)</b>	<b>8,539,816</b>	<b>8,195,974</b>
Operating Income (Loss) - before other operating activities	36,148	(873)	(63,970)	(144,947)	-	(173,642)	160,133	33,787	(24,922)	(77,557)	-	91,441	641,978
Non Operating Income (Expense)													
Restricted Contributions	-	-	48,794	-	-	48,794	-	-	1,787,500	-	-	1,787,500	666,877
Assets released from restrictions	-	-	(250,000)	-	-	(250,000)	-	-	(250,000)	-	-	(250,000)	(128,750)
Loss on disposition of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(68,495)	-	(68,495)	-	-	-	(80,782)	-	(80,782)	(13,593)
Investment in Affiliate	-	-	-	(16,371)	-	(16,371)	-	-	-	-	-	-	(63,472)
Loss on Refinance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/Dividend Income	-	-	64,351	-	-	64,351	-	-	96,000	-	-	96,000	79,980
Realized Investment Gains	-	-	36,839	-	-	36,839	-	-	-	-	-	-	(55,249)
Unrealized Investment Gains/(losses)	-	-	1,274,382	-	-	1,274,382	-	-	-	-	-	-	16,137
Change in Value of Swaps	9,508	20,398	-	-	-	29,906	-	-	-	-	-	-	(173,016)
<b>Change in Net Assets</b>	<b>45,656</b>	<b>19,525</b>	<b>1,110,396</b>	<b>(229,813)</b>	<b>-</b>	<b>945,764</b>	<b>160,133</b>	<b>33,787</b>	<b>1,608,578</b>	<b>(158,339)</b>	<b>-</b>	<b>1,644,159</b>	<b>970,892</b>



**UNITED METHODIST RETIREMENT COMMUNITIES, INC.**  
**OBLIGATED GROUP**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 3/31/2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	900,705
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	911,092
Amortization of Deferred Life Lease Revenue	(144,230)
Amortization of bond issue costs	20,923
Realized and unrealized (gains)/loss on investments	(1,311,221)
Loss on disposal of fixed assets	-
Bad debt expense	31,250
Decrease (Increase) in operating assets:	
Accounts receivable	(116,314)
Prepaid expenses and other current assets	(115,120)
Contribution receivable	144,365
Increase (decrease) in operating liabilities:	
Accounts payable	68,992
Accrued and other liabilities	43,354
Interest Rate Swap	(29,906)
Liability under split-interest agreements	(3,652)
Net cash provided by operating activities	<u>400,238</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Additions to property and equipment	(2,574,098)
Change in escrows and reserves	(7,970)
Purchase of investments	(845,208)
Proceeds from sale of investments	907,109
Investment in related organizations	<u>(128,926)</u>
Net cash used in investing activities	<u>(2,649,093)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from life lease entrance fees	1,348,015
Refunds of life lease entrance fees	(146,748)
Payment of bond issuance costs	-
Proceeds from issuance of debt	2,085,323
Principal payments on long-term debt	(22,674)
Net cash provided by (used in) financing activities	<u>3,263,916</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 1,015,061
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>6,748,794</u>
 <b>CASH AND CASH EQUIVALENTS - End of period</b>	 <u>7,763,855</u>

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

Mar-17

Location	2016 Budget	Mar-17 Actual	Variance	Mar-16 Actual	Variance		YTD 2017 Budget	YTD 2017 Actual	Variance	YTD 2016 Actual	Variance
<b><i>CRC Independent Living</i></b>											
Average Census	115.00	116.65	1.65	113.29	3.35		113.03	114.20	1.17	115.29	-1.09
Average Occupancy %	92.00%	93.32%	1.32%	92.86%	0.46%		88.54%	91.36%	2.82%	92.23%	-0.87%
Resident Days	3,565	3,616	51	3,512	104		10,173	10,278	105	10,491	-213
<b><i>CRC Glazier AL/Commons</i></b>											
Average Census	63.00	63.61	0.61	62.77	0.84		63.00	64.00	1.00	64.59	-0.59
Average Occupancy %	95.45%	96.38%	0.93%	95.11%	1.27%		95.45%	96.97%	1.52%	97.87%	-0.90%
Resident Days	1,953	1,972	19	1,946	26		5,670	5,760	90	5,878	-118
<b><i>Towsley Village</i></b>											
Average Census	85.00	83.26	-1.74	85.74	-2.48		85.00	82.04	-2.96	86.13	-4.09
Average Occupancy %	94.44%	92.51%	-1.94%	95.27%	-2.76%		94.44%	91.16%	-3.28%	95.70%	-4.54%
Resident Days	2,635	2,581	-54	2,658	-77		7,650	7,384	-266	7,838	-454
<b><i>Kresge Nursing</i></b>											
Average Census	76.50	72.55	-3.95	78.35	-5.81		76.51	71.00	-5.51	75.60	-4.60
Average Occupancy %	90.00%	85.35%	-4.65%	92.18%	-6.83%		90.01%	83.53%	-6.48%	88.95%	-5.42%
Resident Days											
Private	403	298	-105	252	46		1,170	794	-376	856	-62
Medicaid	760	816	57	856	-40		2,206	2,458	252	2,467	-9
Medicare	806	601	-205	839	-238		2,340	1,893	-447	2,233	-340
Medicare HMO	341	394	53	408	-14		990	933	-57	1,053	-120
Commercial Ins	62	140	78	74	66		180	312	132	271	41
<b>Total</b>	<b>2,372</b>	<b>2,249</b>	<b>-123</b>	<b>2,429</b>	<b>-180</b>		<b>6,886</b>	<b>6,390</b>	<b>-496</b>	<b>6,880</b>	<b>-490</b>

Census	
YTD 2017	Mar-17
90.98%	92.27%
YTD 2016	Mar-16
94.83%	94.48%

**The Cedars of Dexter Independent Living**

Capacity	2016 Budget	Mar-17 Actual	Variance	Mar-16 Actual	Variance		YTD 2017 Budget	YTD 2017 Actual	Variance	YTD 2016 Actual	Variance
Average Census	59.00	57.00	-2.00	59.50	-2.50		59.00	56.33	-2.67	59.50	-3.17
Average Occupancy %	98.33%	95.00%	-3.33%	99.17%	-4.17%		98.33%	93.88%	-4.45%	99.17%	-5.28%

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

**Exhibit A - Schedule 1**

<b>Debt Service Coverage Ratio</b>	
<b>Rolling 4 quarter basis (4/1/16-3/31/17)</b>	
Change in Unrestricted Net Assets	301,921
Plus:	
Entrance Fees Received	2,381,079
Depreciation, Amortization	3,455,932
Interest Expense	1,071,971
Other Adjustments	
Unrealized (Gains) / Losses in Investments	(2,126,507)
Unrealized (Gains) / Losses in Joint Venture	1,788,544
Change in Value of Swap	(278,720)
Loss on advanced refunding	4,354
Less:	
Refunds on Entrance Fees	(1,118,429)
Amortization of Entrance Fees	(644,179)
<b>Net Income Available for Debt Service</b>	<b>4,835,966</b>
<b>Historical Annual Debt Service Requirement:</b>	<b>1,996,581</b>
<b>Historical Debt Service Coverage Ratio</b>	<b>2.42</b>
<b>Liquidity Ratio</b>	
(i) Unrestricted Cash and Investments	29,027,748
(ii) Operating Expenses (incl. dev. Exp)	32,151,119
Less:	
Depreciation Expense	(3,455,932)
Bad Debt Expense	(203,521)
Adjusted Expenses	28,491,666
(iii) Adjusted Expenses / 365	78,059
<b>(i) / (iii) Days Cash on Hand</b>	<b>371.87</b>