

United Methodist Retirement Communities, Inc.
2nd 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 six months ended June 30, 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

Location	YTD 2017 Budget	YTD 2017 Actual	Variance	YTD 2016 Actual	Variance
CRC Independent Living (138 units)	88.7%	90.4%	1.7%	93.7%	(3.3%)
CRC Assisted Living (156 units)	93.7%	92.3%	(1.4%)	96.1%	(3.8%)
CRC Skilled Nursing (85 beds)	90.0%	83.7%	(6.3%)	88.8%	(5.1%)
Cedars of Dexter – Ind. Living (60 units)	98.3%	93.9%	(4.4%)	99.2%	(5.3%)

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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 second quarter of 2017 16 units had been completed and have been factored into the census calculations. In aggregate, census is approximately 2.0% behind budget and 4.1% behind last year. Decrease in skilled nursing census is consistent with national trends. Focused efforts are in place to increase census across areas of living.

Revenue

Overall operating revenue is 3.4%, or \$585k, under budget.

- Census and product mix lower than budget resulted in resident revenue \$613K (3.9%) 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.
- Life lease revenue is \$75k over budget due to higher turnover at Cedars of Dexter than planned and faster fill up of CRC new prairie cottages.
- Unrestricted contribution revenue is \$11K below budget. Significant amounts of gift requests are outstanding and this amount is expected to be in line with budget by year end.
- Other revenue is \$40K under budget due management fees from affiliates lower due to affiliate lower revenue.

Expenses

Overall operating expenses are \$370K below budget (2.2%). Key variances include:

- Employee benefits are \$175K (8%) below budget due to lower health insurance costs than planned and significantly lower worker's compensation claims.
- Food costs are \$40K (7%) over due to timing of food purchases in the second quarter of the year.
- Medical care is \$65k (14%) below budget due to lower Medicare SNF census.
- Repairs and Maintenance is \$135K (19%) over budget due to higher unit turnovers at Cedars of Dexter, increased preventive maintenance and significant heating/cooling repairs at CRC.
- Supplies are \$40K (12%) below budget due to lower skilled nursing census.
- Provider tax is \$17K (10%) below budget due lower than planned rates as part of 2017 UMRC budget process.
- Interest expense is \$50K (8%) 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.
- Real estate taxes are \$30K (8%) below budget due to lower rates on new IL units at CRC.

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

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opportunities and existing efforts related to UMRC affiliates outside of the obligated group. Variances from budget include:

- Restricted contributions \$3.5M lower than budget. Significant amounts of gift requests are outstanding and this amount is expected to be in line with budget by year end.
- Net development costs are \$37K over budget due more than expected time spent on development projects in Q1/Q2 and less 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

Ratio	2016 Year-end	2017 Year-to- Date	CARF Median	CARF 75th
Operating Margin Ratio	5.6%	3.7%	-0.9%	3.9%
Net Operating Margin Ratio	11.6%	8.4%	5.9%	11.8%
Days Cash on Hand	356	344	311	460
Days in A/R (net of allowances)	18.2	20.4	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%	40.2%	70.0%	49.5%
Debt Service Coverage Ratio	2.4	1.5	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 50th and 75th percentile, indicating solid profitability from operations.
- Days cash on hand is between the 50th and 75th percentile of peer organizations and indicates more than adequate cash reserves.
- Days in A/R are 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 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.

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Capital Financing

As of June 30, 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 \$7.3M, 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 \$10.7M, 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, 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 June 30, 2017, there was \$6.6M 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

Attached are interim financial statements as of, and for the period ending, June 30, 2017.

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

ASSETS			LIABILITIES AND NET ASSETS		
	<u>6/30/2017</u>	<u>12/31/2016</u>		<u>6/30/2017</u>	<u>12/31/2016</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	8,149,162	6,748,794	Current portion of long-term debt	1,128,390	1,128,390
Cash held in escrow	868,390	979,078	Life Lease Deposits	873,025	597,898
Contributions Receivable - Current	2,905,868	3,201,994	Accounts payable	1,592,292	1,372,343
Due from Affiliate	176,457	184,604	Due to Affiliate	-	-
Accounts Receivable	1,709,290	1,559,901	Accrued and other liabilities	1,630,907	1,583,795
Investments	4,460,249	3,593,784	Deferred Life Lease Revenue	5,468,166	2,904,664
Assets limited as to use	227,014	134,191	Liability under split-interest agreements	21,158	21,158
Prepaid expenses and other current assets	737,019	696,087	Total current liabilities	<u>10,713,938</u>	<u>7,608,248</u>
Total current assets	<u>19,233,449</u>	<u>17,098,433</u>			
			LONG TERM DEBT	34,266,744	30,729,483
CONTRIBUTIONS RECEIVABLE	4,517,921	4,475,405			
			REFUNDABLE LIFE LEASE PROCEEDS	6,986,014	7,264,357
INVESTMENTS	30,068,858	28,609,693			
			INTEREST RATE SWAP	128,737	143,028
CEDARS OF DEXTER CONTINGENCY FUND	-	-			
			LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	<u>93,573</u>	<u>103,779</u>
LIMITED USE FUNDS					
Debt Service Reserve Fund	810,757	809,788	Total liabilities	<u>52,189,006</u>	<u>45,848,895</u>
Restricted Deposit	200,000	250,000			
Total Limited Use Funds	<u>1,010,757</u>	<u>1,059,788</u>	NET ASSETS		
			Unrestricted:		
PROPERTY AND EQUIPMENT	61,285,182	57,181,963	Undesignated	29,781,322	27,944,950
			Board designated	21,225,712	21,541,062
OTHER ASSETS			Total unrestricted	<u>51,007,034</u>	<u>49,486,012</u>
Loan to Affiliate	925,717	837,267			
Bond issue costs & Bond Discount	996,228	1,051,082	Restricted:		
Pledged Assets held by Affiliate	-	-	Temporarily restricted	9,701,351	9,701,351
Investment in Affiliate	3,885,758	3,749,106	Permanently restricted	9,400,344	9,400,344
Beneficial Interest in Perpetual Trusts	373,865	373,865	Total restricted	<u>19,101,695</u>	<u>19,101,695</u>
Total other assets	<u>6,181,568</u>	<u>6,011,320</u>			
			Total net assets	<u>70,108,729</u>	<u>68,587,707</u>
Total assets	<u>122,297,735</u>	<u>114,436,602</u>	Total liabilities and net assets	<u>122,297,735</u>	<u>114,436,602</u>

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

COMBINING STATEMENT OF OPERATIONS

6/30/2017

	Actual						Budget						6/30/2016 Actual
	<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>	
Operating revenue:													
Net resident revenue	14,276,430	987,875	-	-	-	15,264,305	14,820,424	1,056,354	-	-	-	15,876,778	15,682,493
Life Lease revenue	25,000	338,597	-	-	-	363,597	20,000	268,344	-	-	-	288,344	285,927
Unrestricted Contributions	-	-	188,450	-	-	188,450	-	-	199,600	-	-	199,600	332,966
Assets released from restriction	-	-	500,000	-	-	500,000	-	-	500,000	-	-	500,000	257,500
Other	145,098	10,734	9,333	1,178,236	(894,057)	449,344	133,503	-	28,002	1,219,170	(894,062)	486,613	462,487
Total operating revenue	14,446,528	1,337,206	697,783	1,178,236	(894,057)	16,765,696	14,973,927	1,324,698	727,602	1,219,170	(894,062)	17,351,335	17,021,373
Operating expenses:													
Health care services:													
Salaries, wages and purch. Labor	6,829,003	209,199	267,722	850,307	-	8,156,231	6,897,359	206,580	309,616	853,100	-	8,266,655	8,049,523
Employee benefits	1,509,499	39,956	92,379	243,192	-	1,885,026	1,666,682	47,431	101,704	242,347	-	2,058,164	1,782,951
Food	548,151	51,761	-	-	-	599,912	506,720	50,581	-	-	-	557,301	517,174
Medical care	404,108	-	-	-	-	404,108	470,164	-	-	-	-	470,164	474,952
Utilities	371,007	38,952	-	-	-	409,959	391,100	29,960	-	-	-	421,060	442,165
Repairs and maintenance	624,264	212,965	-	-	-	837,229	537,302	165,500	-	-	-	702,802	627,528
Supplies	284,635	15,550	15,662	8,056	-	323,903	311,680	15,877	26,000	10,750	-	364,307	384,101
Provider tax	173,897	-	-	-	-	173,897	190,776	-	-	-	-	190,776	171,645
Bad debts	62,500	-	-	-	-	62,500	62,500	-	-	-	-	62,500	70,080
Miscellaneous	1,359,237	142,816	268,304	206,979	(894,057)	1,083,279	1,332,633	125,993	303,289	241,600	(894,062)	1,109,453	942,445
Depreciation	1,467,438	327,942	2,052	30,504	-	1,827,936	1,477,350	327,942	2,052	30,504	-	1,837,848	1,689,258
Interest expense	448,061	126,683	-	-	-	574,744	497,119	127,554	-	-	-	624,673	513,940
Grant Distributions	-	-	42,315	-	-	42,315	-	-	54,250	-	-	54,250	19,496
Real estate taxes	214,637	154,727	-	-	-	369,364	246,330	152,970	-	-	-	399,300	343,193
Total operating expenses	14,296,437	1,320,551	688,434	1,339,038	(894,057)	16,750,403	14,587,715	1,250,388	796,911	1,378,301	(894,062)	17,119,253	16,028,451
Operating Income (Loss) - before other operating activities	150,091	16,655	9,349	(160,802)	-	15,293	386,212	74,310	(69,309)	(159,131)	-	232,082	992,922
Non Operating Income (Expense)													
Restricted Contributions	-	-	145,729	-	-	145,729	-	-	3,575,000	-	-	3,575,000	2,152,798
Assets released from restrictions	-	-	(500,000)	-	-	(500,000)	-	-	(500,000)	-	-	(500,000)	(257,500)
Loss on disposition of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Grant Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Costs	-	-	-	(197,687)	-	(197,687)	-	-	-	(160,330)	-	(160,330)	(92,765)
Investment in Affiliate	-	-	-	(33,899)	-	(33,899)	-	-	-	-	-	-	(949,395)
Loss on Refinance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/Dividend Income	-	-	150,402	-	-	150,402	-	-	192,000	-	-	192,000	88,850
Realized Investment Gains	-	-	36,839	-	-	36,839	-	-	-	-	-	-	-
Unrealized Investment Gains/(losses)	-	-	1,994,021	-	-	1,994,021	-	-	-	-	-	-	386,625
Change in Value of Swaps	9,892	4,399	-	-	-	14,291	-	-	-	-	-	-	(247,125)
Change in Net Assets	159,983	21,054	1,836,340	(392,388)	-	1,624,989	386,212	74,310	3,197,691	(319,461)	-	3,338,752	2,074,410

UNITED METHODIST RETIREMENT COMMUNITIES, INC.
OBLIGATED GROUP
STATEMENT OF CASH FLOWS
YEAR ENDED 6/30/2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	1,521,022
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-
Depreciation	1,827,936
Amortization of Deferred Life Lease Revenue	(338,597)
Amortization of bond issue costs	54,854
Realized and unrealized (gains)/loss on investments	(2,030,860)
Loss on disposal of fixed assets	-
Bad debt expense	62,500
Decrease (Increase) in operating assets:	
Accounts receivable	(211,889)
Prepaid expenses and other current assets	(40,932)
Contribution receivable	253,610
Increase (decrease) in operating liabilities:	
Accounts payable	219,949
Accrued and other liabilities	47,112
Interest Rate Swap	(14,291)
Liability under split-interest agreements	(10,206)
Net cash provided by operating activities	<u>1,340,208</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Additions to property and equipment	(5,931,155)
Change in escrows and reserves	66,896
Purchase of investments	(1,201,879)
Proceeds from sale of investments	907,109
Investment in related organizations	<u>(216,955)</u>
Net cash used in investing activities	<u>(6,375,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from life lease entrance fees	3,442,963
Refunds of life lease entrance fees	(544,080)
Payment of bond issuance costs	-
Proceeds from issuance of debt	3,794,022
Principal payments on long-term debt	(256,761)
Net cash provided by (used in) financing activities	<u>6,436,144</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,400,368
CASH AND CASH EQUIVALENTS - Beginning of year	<u>6,748,794</u>
CASH AND CASH EQUIVALENTS - End of period	<u>8,149,162</u>

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

Jun-17

Location	2017 Budget	Jun-17 Actual	Variance	Jun-16 Actual	Variance		YTD 2017 Budget	YTD 2017 Actual	Variance	YTD 2016 Actual	Variance
<i>CRC Independent Living</i>											
Average Census	119.00	124.13	5.13	115.10	9.03		115.03	117.37	2.34	114.35	3.02
Average Occupancy %	86.23%	89.95%	3.72%	94.34%	-4.39%		88.65%	90.44%	1.80%	93.73%	-3.29%
Resident Days	3,570	3,724	154	3,453	271		20,820	21,244	424	20,811	433
<i>CRC Glazier AL/Commons</i>											
Average Census	63.00	63.27	0.27	63.50	-0.23		63.00	64.12	1.12	63.48	0.64
Average Occupancy %	95.45%	95.86%	0.40%	96.21%	-0.35%		95.45%	97.15%	1.70%	96.18%	0.98%
Resident Days	1,890	1,898	8	1,905	-7		11,403	11,606	203	11,553	53
<i>Towsley Village</i>											
Average Census	85.00	81.23	-3.77	86.63	-5.40		85.00	81.64	-3.36	86.38	-4.74
Average Occupancy %	92.39%	88.30%	-4.09%	96.26%	-7.96%		92.39%	88.74%	-3.65%	95.98%	-7.24%
Resident Days	2,550	2,437	-113	2,599	-162		15,385	14,777	-608	15,721	-944
<i>Kresge Nursing</i>											
Average Census	76.50	68.57	-7.93	72.57	-4.00		76.51	71.17	-5.34	75.48	-4.31
Average Occupancy %	90.00%	80.67%	-9.33%	85.37%	-4.71%		90.01%	83.72%	-6.29%	88.80%	-5.07%
Resident Days											
Private	390	506	116	531	-25		2,353	2,363	10	1,929	434
Medicaid	735	694	-41	622	72		4,436	4,483	47	4,758	-275
Medicare	780	584	-196	702	-118		4,706	3,640	-1,066	4,621	-981
Medicare HMO	330	208	-122	247	-39		1,991	1,760	-231	2,022	-262
Commercial Ins	60	65	5	75	-10		362	635	273	407	228
Total	2,295	2,057	-238	2,177	-120		13,848	12,881	-967	13,737	-856

Census	
YTD 2017	Jun-17
90.26%	89.16%
YTD 2016	Jun-16
94.38%	93.75%

The Cedars of Dexter Independent Living

Capacity	2017 Budget	Jun-17 Actual	Variance	Jun-16 Actual	Variance		YTD 2017 Budget	YTD 2017 Actual	Variance	YTD 2016 Actual	Variance
Average Census	59.00	56.00	-3.00	58.77	-2.77		59.00	56.33	-2.67	59.54	-3.21
Average Occupancy %	98.33%	93.33%	-5.00%	97.95%	-4.62%		98.33%	93.88%	-4.45%	99.23%	-5.35%

UNITED METHODIST RETIREMENT COMMUNITIES, INC. OBLIGATED GROUP

Exhibit A - Schedule 1

Debt Service Coverage Ratio	
Rolling 4 quarter basis (7/1/16-6/30/17)	
Change in Unrestricted Net Assets	818,716
Plus:	
Entrance Fees Received - net	4,274,699
Less Initial Entrance Fees Received	(2,985,177)
Depreciation, Amortization	3,528,147
Interest Expense	1,099,934
Other Adjustments	
Unrealized (Gains) / Losses in Investments	(2,475,658)
Unrealized (Gains) / Losses in Joint Venture	920,149
Change in Value of Swap	(337,214)
Loss on advanced refunding	4,354
Less:	
Refunds on Entrance Fees	(1,287,701)
Amortization of Entrance Fees	(694,745)
Net Income Available for Debt Service	2,865,504
Historical Annual Debt Service Requirement:	1,921,460
Historical Debt Service Coverage Ratio	1.49
Liquidity Ratio	
(i) Unrestricted Cash and Investments	27,333,889
(ii) Operating Expenses (incl. dev. Exp)	32,619,623
Less:	
Depreciation Expense	(3,528,147)
Bad Debt Expense	(195,939)
Adjusted Expenses	28,895,537
(iii) Adjusted Expenses / 365	79,166
(i) / (iii) Days Cash on Hand	345.27