

# United Methodist Retirement Communities, Inc. & Porter Hills Obligated Group

## 1st Quarter 2022 *Unaudited* 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 September 30, 2021.**

*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.*

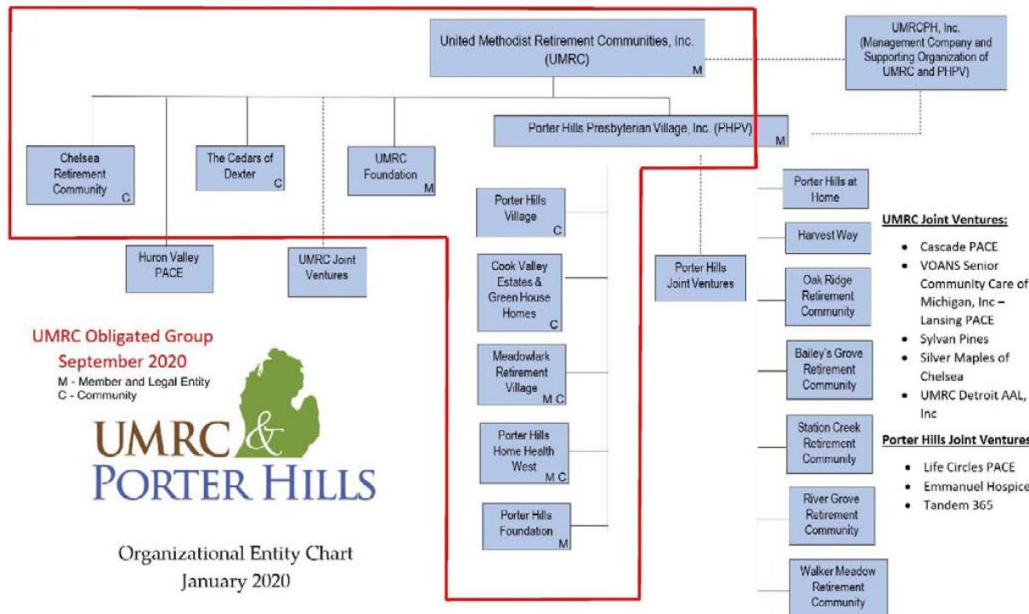
### **Organization Overview**

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.

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

In September 2020, the Obligated Group issued supplemental trust indentures as part of a bond issuance, which added the former Porter Hills Presbyterian Village, Inc. Obligated Group previously reported separately. These new Obligated Group members have been added to the listing below.

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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.
- Porter Hills Presbyterian Village, Inc. (Porter Hills) is a life plan community located in Grand Rapids, Michigan that includes skilled nursing, dementia care, assisted living and independent living services.
- Porter Hills Home Health Services West was established to provide skilled home care services to the residents of the Western Michigan area.
- Porter Hills Foundation was established to raise funds, invest assets, and monitor growth to ensure the operating entities of Porter Hills are able to continue as in-depth, innovative, and inclusive senior living and services resource.
- Cook Valley Estates was established to provide independent housing for the elderly in Grand Rapids, MI. Cook Valley Estates functions under Porter Hills Presbyterian Village, Inc.'s federal ID.
- Meadowlark Retirement Community provides assisted living and independent living for the elderly in Sparta, Michigan.

Effective July 1, 2021, the two Foundations listed above merged into one organization.

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:

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- 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.
- UMRC is a 50% sponsor of Rivertown Neighborhood Senior Non-profit Housing Corporation (Rivertown Senior Apartments) which is a HUD 202 low income housing project with 50 independent living apartments.
- UMRC is a 50 % member in Silver Maples of Chelsea (SMOC), a not-for-profit retirement facility which provides independent and assisted living housing and services to the residents in Chelsea, Michigan. The investment in SMOC is accounted for under the equity method.
- UMRC is a 1 % member of Sylvan Pines Limited Dividend Housing Associated, LLC (Sylvan Pines), an affordable housing project in Chelsea, Michigan with which UMRC has a management agreement, and is accounted for under the equity method.
- UMRC is involved in three PACE programs. These programs operate as Programs of All-inclusive Care for the Elderly (PACE). Once an individual has been enrolled in the PACE program, all of his or her medical needs must be provided, according to the participant plan, through the staff of the PACE and its network of providers. The PACE programs UMRC is involved with, and accounts for under the equity method, include:
  - UMRC has a 100% controlling financial interest, as of September 1, 2017, in Washtenaw PACE, Inc. d/b/a Huron Valley PACE that is located in Ypsilanti, Michigan. Prior to that date UMRC had an 80% controlling interest. Huron Valley PACE serves Washtenaw and Monroe Counties as well as parts of Oakland, Wayne and Livingston Counties.
  - 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.
- Outside of the UMRC Obligated Group, PHPV wholly owns six entities that operate affordable housing communities in metropolitan Grand Rapids:
  - Bailey's Grove Retirement Community, Inc.
  - Sparta Retirement Community, Inc. (d/b/a Harvest Way Retirement Community)
  - Senora Woods Retirement Community, Inc. (d/b/a Oak Ridge Retirement Community)
  - River Grove Retirement Community, Inc.
  - Station Creek Retirement Community, Inc.
  - Walker Meadow Retirement Community, Inc.
- In addition, PHPV has the following ownership in entities that are outside of the UMRC Obligated Group:
  - Avenues by Porter Hills – a life-plan community without walls wholly owned by PH
  - LifeCircles – a PACE program in which PHPV owns 53.2% of with two other unrelated partners.
  - Emmanuel Hospice – A hospice program partnership among PHPV and several other unrelated retirement communities. PHPV owns a minority interest in Emmanuel Hospice.
  - Tandem 365 - A PACE-like coordination agency partnership among PHPV and several other unrelated organizations. PHPV owns a minority interest in Tandem 365.

### **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.

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Census

	Fiscal Year Ended			Qtr Ending
	6/30/2019	6/30/2020	6/30/2021	9/30/2021
<b>Independent Living</b>				
Chelsea Retirement Community				
Available Units	173	174	172	172
Average Occupancy	149	165	156	155
Percentage Occupancy	86%	95%	91%	90%
Porter Hills Village				
Available Units	178	178	178	178
Average Occupancy	169	167	151	156
Percentage Occupancy	94.9%	93.8%	84.8%	87.6%
Cook Valley				
Available Units	134	134	134	134
Average Occupancy	128	125	122	125
Percentage Occupancy	95.5%	93.3%	91.0%	93.3%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	22	25	20	18
Percentage Occupancy	86.4%	96.2%	76.9%	70.8%
<b>Assisted Living</b>				
Glazier Commons				
Available Units	83	84	84	84
Average Occupancy	71	70	64	65.3
Percentage Occupancy	86%	83%	76%	78%
Porter Hills Village				
Available Units	67	68	68	67
Average Occupancy	58	58	56	54.4
Percentage Occupancy	87.1%	85.2%	82.4%	81.2%
Meadowlark				
Available Units	20	20	20	20
Average Occupancy	20	20	18	18.3
Percentage Occupancy	98.5%	98.8%	90.0%	91.5%
<b>Memory Care</b>				
Towsley Village				
Available Units	73	68	68	68
Average Occupancy	68	60	51	61.82
Percentage Occupancy	93%	88%	75%	91%
Porter Hills Village				
Available Units	32	32	32	34
Average Occupancy	25	28	31	32.7
Percentage Occupancy	78.7%	86.5%	97%	96%
Meadowlark				
Available Units	10	10	10	10
Average Occupancy	10	10	9	9.4
Percentage Occupancy	95.8%	99.1%	90.0%	94.0%
<b>Skilled Nursing</b>				
Kresge				
Available Units	84	82	85	85
Average Occupancy	73	63	68	74.3
Percentage Occupancy	87%	77%	80%	87%
Village HRC				
Available Units	101	101	101	101
Average Occupancy	86	87	75	78.7
Percentage Occupancy	85.4%	85.7%	74.3%	77.9%
<b>Total</b>				
Available Units	981	977	978	979
Percentage Occupancy	89.7%	89.7%	83.9%	86.8%
<b>Home Care</b>				
Episodes	1,984	1,935	1,829	436

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	<b>Kresge Skilled Nursing Facility Payor Mix</b>			
	<u>Fiscal Years Ended</u>			<u>Qtr Ended</u>
	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>9/30/2021</u>
Medicare & Medicare Advantage	37%	37%	34%	34%
Medicaid	45%	45%	46%	50%
Private & Other	18%	18%	20%	16%

	<b>Porter Hills Village Skilled Nursing Payor Mix</b>			
	<u>Fiscal Year End</u>			<u>Qtr End</u>
	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>9/30/2021</u>
Medicare/Medicare Advantage	14%	13%	7%	5%
Medicaid	52%	62%	58%	61%
Private	34%	25%	45%	34%

**Operating Results**

Summary Statement of Activities	<u>Fiscal Year-end</u>			<u>YTD - 9/30/2021</u>		
	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Net Service Revenue	56,910,883	60,488,411	58,005,767	16,300,732	16,737,792	(437,061)
Net investment income	1,719,432	334,736	3,301,817	115,458	149,500	(34,042)
Contributions	540,863	595,488	1,464,228	60,555	30,000	30,555
Other	12,564,218	11,866,660	17,422,737	1,618,633	1,139,593	479,040
Total Operating Revenue	71,735,396	73,285,295	80,194,549	18,095,378	18,056,886	38,492
Operating Expenses	61,455,683	65,379,098	64,979,722	16,269,723	16,132,262	(137,460)
Interest Expense	3,749,602	3,806,762	3,587,450	928,718	990,133	61,415
Depreciation	11,124,707	12,287,131	13,410,485	2,663,044	2,595,137	(67,907)
Total Operating Expenses	76,329,992	81,472,991	81,977,657	19,861,484	19,717,532	(143,952)
<b>Sub-Total</b>	(4,594,596)	(8,187,696)	(1,783,108)	(1,766,107)	(1,660,646)	(105,460)
<b>Affiliation Acctg Appraisal - FMV Depreciation</b>				747,632	762,940	15,308
<b>Operating Income (Loss)</b>	(4,594,596)	(8,187,696)	(1,783,108)	(2,513,739)	(2,423,587)	(90,152)
Change in fair value of interest rate swap	(1,509,670)	(1,286,460)	345,653	31,289	-	31,289
Gain (loss) from investment in joint ventures	(178,699)	3,700,235	8,960,431	1,992,235	1,174,211	818,024
Net assets released from restriction for capital	4,667,066	2,032,568	1,000,133	-	-	-
Other	(1,046,104)	(894,978)	3,562,927	(246,586)	85,655	(332,241)
Total Other Changes to Net Assets Without Donor Restrictions	1,932,593	3,551,365	13,869,144	1,776,937	1,259,866	517,071
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	(2,662,003)	(4,636,331)	12,086,036	(736,801)	(1,163,721)	426,920

<sup>1</sup> **Affiliation Accounting Appraisal - Fair Market Value Depreciation** relates to the increase (\$50M+) in the value of the Village, Cook Valley and Meadowlark building values as part of the affiliation accounting. The increase in value results in an increase in non-cash depreciation.

# United Methodist Retirement Communities, Inc. & Porter Hills Obligated Group

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### Operating Revenue and Expenses: YTD Operating Income was \$90k negative to budget.

- Net service revenue was \$326k negative to budget primarily related to the COVID pandemic impacting census in the Skilled Nursing, Assisted Living and Memory Care areas.
- Unrestricted contributions were ahead of budget \$31k
- PPP loan of \$3.68M was forgiven in the last quarter of fiscal 2021.
- Other revenue was \$479k positive to budget, including COVID-19 CARES Act relief payments
- Operating Expenses were approximately \$137k over budget, primarily related to increased staffing costs.
- Depreciation & Amortization expenses were over budget by \$68k.

### Non-Operating (Unrestricted) Results

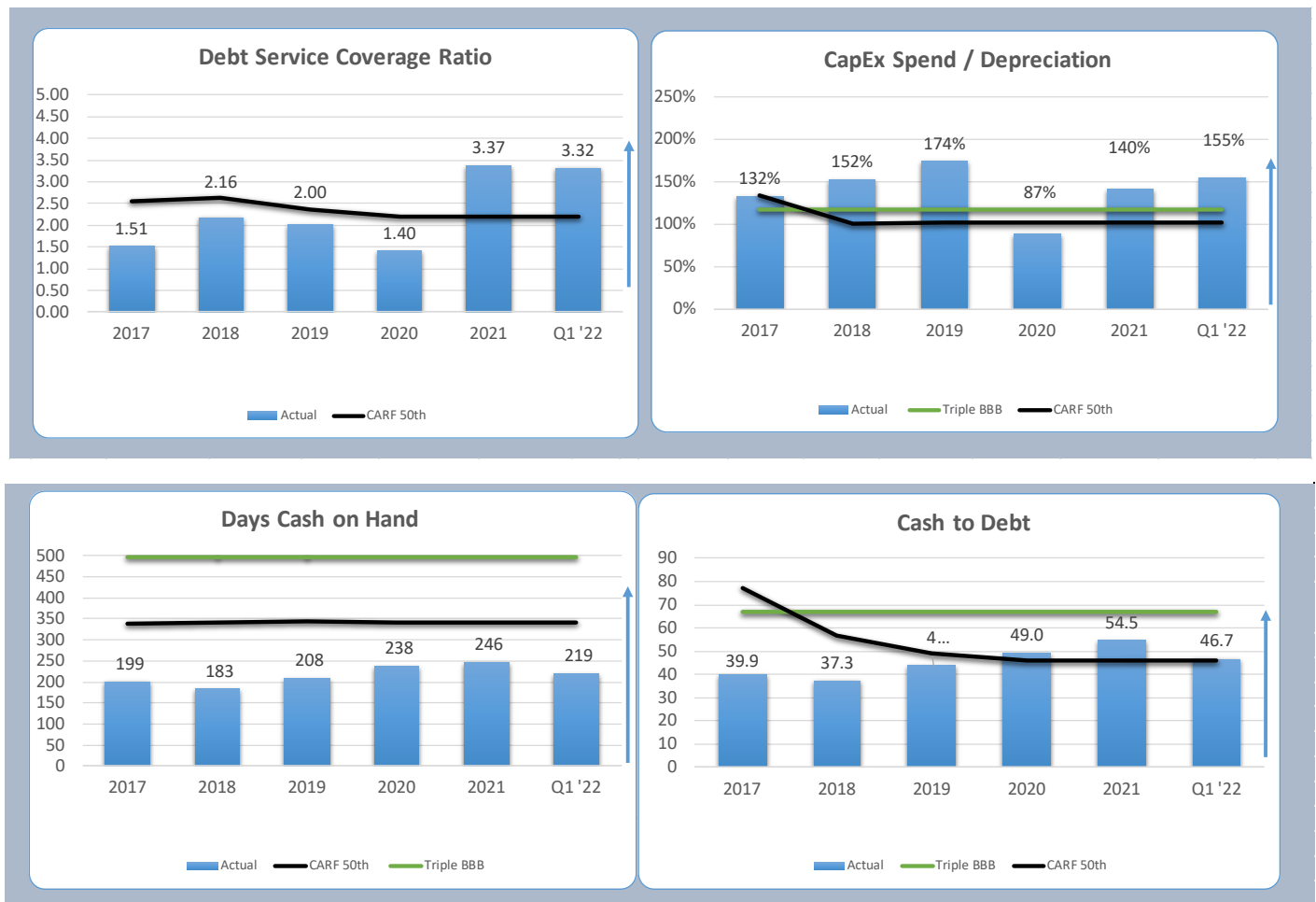
Non-operating activity was almost \$527k positive to budget, due to gains on swaps and joint ventures.

### Restricted Results

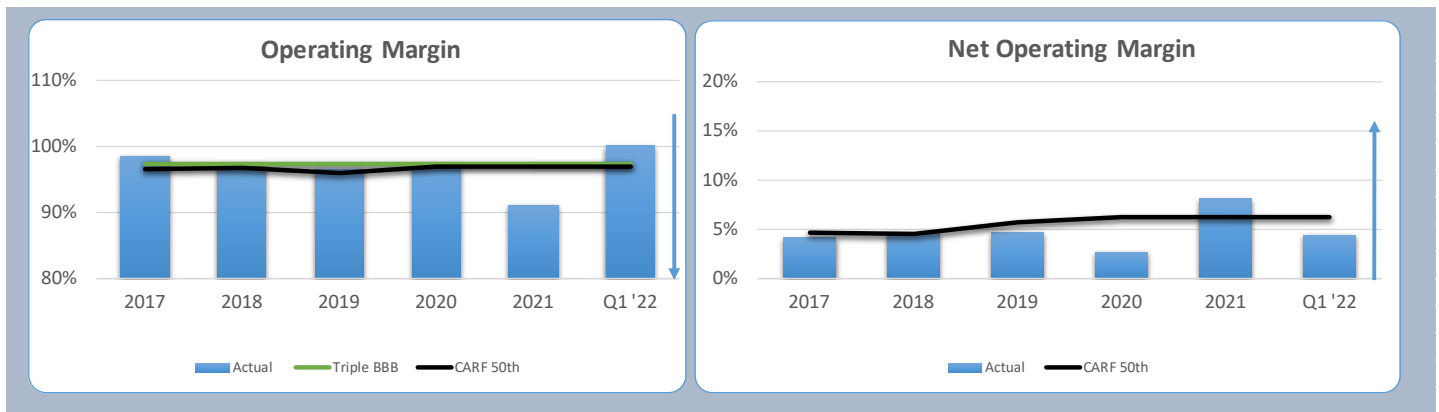
Restricted activity was approximately \$82k under budget due to restricted unrealized investment losses.

### Financial Position

The following summary includes the results of the co-obligated group of UMRC/Porter Hills:



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\*Note Debt Service Coverage Ratio is calculated using a rolling 12 months, consistent with covenant requirements.

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

- Net Operating Margin is currently just below the CARF median and the 50<sup>th</sup> percentile, keeping in mind benchmarks are pre-pandemic. COVID-19 continues to put pressure on census and thereby impacting Net Operating Margin.
- Days Cash on Hand ratio continues to be strong, maintaining a solid cash position and significantly exceeding the thresholds required by the master trust indenture of 150.
- Debt service coverage ratio continues to exceed the master trust indenture of 1.2

**Capital Financing**

As of September 30, 2021, UMRC OG has the following financing arrangements:

- UMRC Series 2012 limited obligation revenue bonds with an original issuance of \$10M, with monthly principal and interest payments through the maturity date of November 15, 2027. These are variable rate bonds issued through the Economic Development Corporation of the Village of Chelsea and concurrently acquired by a financial institution as part of a bond purchase agreement. The bond purchase agreement has a mandatory tender date of November 1, 2019 that was extended to November 15, 2027 as of December 29, 2017. These bonds carry a variable interest rate of 65% of the combined one-month LIBOR and 115 basis points through November 15, 2017, increasing to a variable interest rate of 65% of the combined one-month LIBOR and 153 basis points thereafter. An interest rate swap was entered into that essentially fixes the interest rate at 2.2% on 50 percent of the outstanding principal balance. The interest rate swap expires November 1, 2019. A forward interest rate swap was entered into December 29, 2017, effective November 1, 2019 through November 15, 2027, that essentially fixes the interest rate at 2.83% on 50 percent of the outstanding principle amount.
- UMRC Series 2013 limited obligation revenue bonds with an original issuance of \$11M with annual principal payments and semi-annual interest payments through the maturity date of November 15, 2043. These are fixed rate bonds issued through the Michigan Strategic Fund. These bonds carry an average fixed interest rate of 6.02%. As noted below, on June 26, 2019, UMRC refinanced approximately \$4.4M of the 2013 limited obligation revenue bonds.
- UMRC Series 2014 limited obligation revenue bonds with an original issuance of \$11.5M 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

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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.

- In 2014 Thome PACE closed on a \$4M loan 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 \$3M as of September 30, 2021.
- In 2018 Huron Valley PACE closed on a \$5.5M loan to fund construction of an expansion to the existing PACE building. This borrowing will be recorded on the Huron Valley PACE financials but is guaranteed by the UMRC OG. The balance in this line of credit is \$4.3M as of September 30, 2021.
- On June 26, 2019 UMRC closed on \$17.2M of Limited Obligation Revenue and Revenue Refunding Bonds, with annual principal payments and semi-annual interest payments through the maturity date of November 2049. These are fixed rate bonds issued through the Michigan Strategic Fund, with a fixed interest rate of 4.05%. The proceeds were utilized to create a project fund to fund the remaining Kresge Skilled Nursing construction, refinance a portion of existing revolving loan agreement and refinance a portion of the 2013 limited obligation revenue bonds.
- In September 2020, the Obligated Group issued Series 2020 bonds in the par amount of \$47,145,000 to refinance the Porter Hills Series 2013 MSF Bonds, the Series 2013 EDC Bonds, the Series 2014 EDC Bonds, and the Series 2015 EDC Bonds. The Obligated Group also obtained a \$4M term loan from a bank as part of this refinancing to pay off two of the interest rate swaps related to refinanced debt. The Obligated Group also obtained a \$10M revolving loan from a bank, again as part of this refinancing, to pay off the outstanding UMRC construction revolver and an operating line of credit.

Pursuant to the Affiliation Agreement, on March 1, 2019, UMRC and Porter Hills also entered into a Subordinated Loan Agreement under which UMRC has agreed to loan to Porter Hills approximately \$3,000,000 per year for a period of five years (with a total of up to \$15,000,000) to address the most pressing deferred maintenance needs of Porter Hills. Such loans will be interest-free and will be incurred by Porter Hills as Obligations which are Subordinated Indebtedness under and as defined in the Porter Hills Master Trust Indenture. In August 2021, the UMRC and Porter Hills Governing Boards approved an amendment to the Affiliation Agreement, which allowed for a capital contribution made in the full amount of the outstanding loan (\$6,000,000). These loans are considered to have been paid in full and any future capital may be structured, in UMRC's discretion, as a capital contribution or as an interest-free loan to Porter Hills.

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 and Porter Hills Foundations. Under the terms of the limited obligation revenue bond agreements, revolving loan agreement and master trust indenture, UMRC is limited in additional borrowings and is required to satisfy certain measures of financial performance as long as the bonds are outstanding, including minimum liquidity and minimum debt service coverage.

**Questions are welcome and can be directed to:**

Kim Hoppe, CFO - 616-301-6205 or [khoppe@umrc.com](mailto:khoppe@umrc.com)

Attached are interim financial statements as of, and for the period ending, September 30, 2021.



**UMRC & PH Combined Obligated Group**  
**Balance Sheet**  
For Period Ending September 30, 2021

	Porter Hills Village	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark	HomeCare	UMRCPH Foundation	Inter-Co Eliminations	Total
<b>ASSETS</b>									
Current Assets									
Cash and cash equivalents	3,700,974	1,820,510	(186,377)	333,172	(2,886)	(5,702)	153,216		5,812,906
Resident accounts receivable - net	1,434,657	2,290,175	1,307,026	14,180	35,648	561,844	-		5,643,529
Accounts receivable (payable) - Affiliates	6,764,190	-	-	2,623,194	-	-	-	(9,387,383)	-
Prepaid expenses and other assets	350,815	819,537	34,334	58,940	28,954	12,445	1,822		1,306,848
<b>Total Current Assets</b>	<b>12,250,636</b>	<b>4,930,222</b>	<b>1,154,983</b>	<b>3,029,485</b>	<b>61,717</b>	<b>568,587</b>	<b>155,038</b>	<b>(9,387,383)</b>	<b>12,763,283</b>
Assets limited as to use									
Property and equipment, net	2,066,036	2,956,110	2,382,319	182,935	222,557	-	56,805,876		64,615,834
Investment in joint ventures and notes receivable from affiliates	55,946,347	69,760,490	27,095,675	14,424,790	6,066,362	29,517	747,347		174,070,528
Other noncurrent assets	9,830,629	54,487,127	-	-	-	-	-	(19,505,104)	44,812,652
	-	-	-	-	-	-	-		-
	67,843,011	127,203,728	29,477,994	14,607,726	6,288,919	29,517	57,553,223	(19,505,104)	283,499,014
<b>Total Assets</b>	<b>80,093,647</b>	<b>132,133,949</b>	<b>30,632,977</b>	<b>17,637,211</b>	<b>6,350,635</b>	<b>598,104</b>	<b>57,708,261</b>	<b>(28,892,487)</b>	<b>296,262,297</b>
<b>LIABILITIES</b>									
Current Liabilities									
Accounts payable	120,664	102,458	75,836	39,317	8,632	378,238	27,314		752,460
Accounts payable - affiliates	-	1,994,220	134,588	-	1,173,287	5,186,581	957,377	(9,387,383)	58,671
Current portion of long-term debt	432,065	875,000	371,576	362,508	51,359	-	-		2,092,508
Current portion of charitable gift annuities	-	-	-	-	-	-	-		-
Accrued liabilities and other	1,346,325	2,490,510	408,314	42,959	145,908	300,863	623,177		5,358,056
<b>Total Current Liabilities</b>	<b>1,899,054</b>	<b>5,462,189</b>	<b>990,314</b>	<b>444,784</b>	<b>1,379,186</b>	<b>5,865,682</b>	<b>1,607,868</b>	<b>(9,387,383)</b>	<b>8,261,695</b>
Long-term debt - net of current portion									
Other long-term liabilities	24,310,573	30,619,290	26,708,025	8,952,088	2,494,267	-	-	(4,148,367)	88,935,877
Charitable gift annuities - net of current portion	150,743	-	-	-	-	-	-		150,743
Deferred revenue from entrance fees	-	-	-	-	-	-	-		-
Refundable entrance fees	7,623,886	3,578,906	11,945,661	3,759,934	-	-	-		26,908,387
Fair value of interest rate swap	12,076,250	10,525,916	17,541,809	7,731,939	-	-	-		47,875,914
	-	101,082	-	186,413	-	-	-		287,495
<b>Total Liabilities</b>	<b>46,060,506</b>	<b>50,287,384</b>	<b>57,185,809</b>	<b>21,075,158</b>	<b>3,873,453</b>	<b>5,865,682</b>	<b>1,607,868</b>	<b>(13,535,750)</b>	<b>172,420,111</b>
<b>NET ASSETS</b>									
Unrestricted	33,784,920	80,976,475	(26,255,291)	(3,537,206)	2,663,718	(5,100,370)	36,461,286	(15,356,737)	103,636,795
Current Year Earnings	248,221	795,542	(297,542)	99,259	(186,535)	(167,209)	(1,228,538)	-	(736,801)
Current Year Earnings - Restricted	-	-	-	-	-	-	(326,642)	-	(326,642)
Restricted	-	74,548	-	-	-	-	21,194,287	-	21,268,835
<b>Total Net Assets</b>	<b>34,033,141</b>	<b>81,846,565</b>	<b>(26,552,832)</b>	<b>(3,437,947)</b>	<b>2,477,182</b>	<b>(5,267,579)</b>	<b>56,100,393</b>	<b>(15,356,737)</b>	<b>123,842,187</b>
<b>Total Liabilities and Net Assets</b>	<b>80,093,647</b>	<b>132,133,949</b>	<b>30,632,977</b>	<b>17,637,211</b>	<b>6,350,635</b>	<b>598,104</b>	<b>57,708,261</b>	<b>(28,892,487)</b>	<b>296,262,297</b>

**UMRC & PH Combined Obligated Group**  
**Combining Statement of Activities**  
**For the Three Months Ending September 30, 2021**

	Porter Hills Village	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark	Home Care	UMRCPH Foundation	Eliminations	Total	Budget	Variance
<b>Operating Revenue</b>											
Net Service Revenue	5,098,626	7,735,538	646,315	590,633	512,079	808,371	-	-	15,391,563	15,717,437	(325,875)
Investment Income - unrestricted	-	-	-	-	-	-	115,458	-	115,458	149,500	(34,042)
Life Lease Amortization	298,944	124,526	366,906	118,793	-	-	-	-	909,169	1,020,355	(111,186)
Contributions - unrestricted	-	-	-	-	-	-	60,555	-	60,555	30,000	30,555
Covid Funding	408,879	220,099	-	-	18,936	-	-	-	647,914	95,065	552,850
Supplemental charges and misc revenue	409,459	130,396	152,963	7,205	30,210	6,193	-	(91,744)	644,681	669,529	(24,848)
Net Assets released from restrictions used in operations	-	-	-	-	-	-	326,038	-	326,038	375,000	(48,963)
<b>Total Operating Revenue</b>	<b>6,215,907</b>	<b>8,210,559</b>	<b>1,166,184</b>	<b>716,631</b>	<b>561,225</b>	<b>814,565</b>	<b>502,051</b>	<b>(91,744)</b>	<b>18,095,378</b>	<b>18,056,886</b>	<b>38,492</b>
<b>Operating Expenses</b>											
Salaries and Wages	2,970,343	3,912,558	207,016	104,953	309,578	613,634	229,327	-	8,347,410	8,086,786	(260,624)
Employee Benefits	566,330	766,235	25,605	28,002	61,263	126,389	52,527	-	1,626,351	1,666,871	40,520
Operating Supplies & Expenses	369,091	605,657	48,554	35,511	46,598	9,444	22,309	-	1,137,165	1,151,625	14,460
Professional Services & Consultant Fees	188,621	162,526	16,071	1,024	-	6,564	27,888	-	402,694	392,927	(9,767)
Repairs & Maintenance	87,959	141,707	85,241	42,905	10,233	2,240	-	(91,744)	278,540	348,007	69,467
Utilities	162,386	230,463	70,753	26,793	20,713	-	-	-	511,108	547,079	35,970
Depreciation and Amortization	720,270	1,148,031	580,844	143,316	62,481	414	7,688	-	2,663,044	2,595,137	(67,907)
Interest	234,595	347,472	273,999	47,349	25,302	-	-	-	928,718	990,133	61,415
Real Estate Taxes	10,794	226,800	14,452	86,250	14,250	-	-	-	352,546	328,031	(24,515)
Quality Assurance Assessment	152,803	104,553	-	-	-	-	-	-	257,356	274,014	16,658
Other	132,478	203,869	29,239	9,376	10,176	41,124	81,125	-	507,387	554,030	46,643
Management Fees	892,986	1,182,639	187,962	111,597	94,845	181,965	53,318	-	2,705,312	2,703,187	(2,125)
Grant Expenses	-	69,540	-	100	-	-	74,213	-	143,854	79,705	(64,148)
<b>Total Operating Expenses</b>	<b>6,488,656</b>	<b>9,102,051</b>	<b>1,539,736</b>	<b>637,176</b>	<b>655,439</b>	<b>981,774</b>	<b>548,396</b>	<b>(91,744)</b>	<b>19,861,484</b>	<b>19,717,532</b>	<b>(143,952)</b>
<b>Sub-Total</b>	<b>(272,749)</b>	<b>(891,492)</b>	<b>(373,552)</b>	<b>79,455</b>	<b>(94,214)</b>	<b>(167,209)</b>	<b>(46,345)</b>	<b>-</b>	<b>(1,766,107)</b>	<b>(1,660,646)</b>	<b>(105,460)</b>
<b>Affiliation Acctg Appraisal - FMV Depreciation</b>	<b>726,989</b>	<b>-</b>	<b>(71,678)</b>	<b>-</b>	<b>92,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747,632</b>	<b>762,940</b>	<b>15,308</b>
<b>Operating Income (Loss)</b>	<b>(999,738)</b>	<b>(891,492)</b>	<b>(301,874)</b>	<b>79,455</b>	<b>(186,535)</b>	<b>(167,209)</b>	<b>(46,345)</b>	<b>-</b>	<b>(2,513,739)</b>	<b>(2,423,587)</b>	<b>(90,152)</b>
<b>Non-Operating Income (Loss)</b>											
Net unrealized gain / loss on investments	-	-	-	-	-	-	(246,586)	-	(246,586)	75,000	(321,586)
Change in fair value of interest rate swap agreements	-	11,484	-	19,805	-	-	-	-	31,289	-	31,289
Net gain on sale of property	-	-	-	-	-	-	-	-	0	-	-
Net gain on joint ventures	682,197	1,310,038	-	-	-	-	-	-	1,992,235	1,174,211	818,024
Net assets released from restrictions - Capital	-	-	-	-	-	-	-	-	0	-	-
<b>Total Non-Operating Income (Loss)</b>	<b>682,197</b>	<b>1,321,521</b>	<b>-</b>	<b>19,805</b>	<b>-</b>	<b>-</b>	<b>(246,586)</b>	<b>-</b>	<b>1,776,937</b>	<b>1,249,211</b>	<b>527,726</b>
<b>Sub-total</b>	<b>(317,541)</b>	<b>430,029</b>	<b>(301,874)</b>	<b>99,259</b>	<b>(186,535)</b>	<b>(167,209)</b>	<b>(292,931)</b>	<b>-</b>	<b>(736,801)</b>	<b>(1,174,376)</b>	<b>437,575</b>
<b>Net transfers (to) from affiliates</b>	<b>565,762</b>	<b>365,513</b>	<b>4,332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(935,607)</b>	<b>-</b>	<b>0</b>	<b>10,655</b>	<b>(10,655)</b>
<b>Net Income (loss)</b>	<b>248,221</b>	<b>795,542</b>	<b>(297,542)</b>	<b>99,259</b>	<b>(186,535)</b>	<b>(167,209)</b>	<b>(1,228,538)</b>	<b>-</b>	<b>(736,801)</b>	<b>(1,163,721)</b>	<b>426,920</b>
<b>Temporarily Restricted Net Assets</b>											
Restricted contributions	-	-	-	-	-	-	115,699	-	115,699	50,000	65,699
Restricted investment income	-	-	-	-	-	-	(117,563)	-	(117,563)	75,000	(192,563)
Change in present value of pledges receivable	-	-	-	-	-	-	1,029	-	1,029	4,500	(3,471)
Change in interest and present value of charitable remainder trusts	-	-	-	-	-	-	232	-	232	810	(578)
Net assets released from restriction	-	-	-	-	-	-	(326,038)	-	(326,038)	(375,000)	48,962
<b>Increase / (Decrease) in temporarily restricted net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(326,642)</b>	<b>-</b>	<b>(326,642)</b>	<b>(244,690)</b>	<b>(81,952)</b>
<b>Change in Net Assets</b>	<b>248,221</b>	<b>795,542</b>	<b>(297,542)</b>	<b>99,259</b>	<b>(186,535)</b>	<b>(167,209)</b>	<b>(1,555,181)</b>	<b>-</b>	<b>(1,063,444)</b>	<b>(1,408,411)</b>	<b>344,967</b>

**UMRC/Porter Hills  
Obligated Group  
Statement of Cash flows  
Quarterly YTD Ended 09-30-2021**

***Cash Flow from Operating Activities***

Increase (decrease) in net assets:	(\$1,063,444)
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	\$3,410,676
Amortization of deferred life lease revenue	(\$909,169)
Realized and unrealized (gains)/loss on investments	\$248,691
Gain from investments in joint ventures	(\$1,992,235)
Provision for bad debts	(\$118,478)
Decrease (increase) in operating assets:	
Accounts receivable	(\$1,469,752)
Accounts receivable - affiliates	(\$469,359)
Prepaid expenses and other current assets	(\$232,011)
Increase (decrease) in operating liabilities:	
Accounts payable	(\$893,383)
Accrued and other liabilities	(\$73,098)
Interest rate swap	(31,289)
Net cash provided by operating activities	<u>(\$3,592,850)</u>

***Cash flow from investing activities***

Additions to property and equipment	(\$1,676,663)
Net investment activity (purchase/sales)	(458,942)
net cash used in investing activities	<u>(\$2,135,605)</u>

***Cash flows from financing activities***

Proceeds from life lease obligations	\$2,572,497
Refund of life lease obligations	(\$581,202)
principal payments on long term debt	(\$660,385)
net cash provided by (used in) financing activities	<u>\$1,330,910</u>

<b>Net increase (decrease) in cash and cash equivalents</b>	(\$4,397,545)
<b>Cash and Cash equivalents beginning of year</b>	\$10,504,080
<b>Cash and cash equivalents end of year period</b>	<u><u>\$6,106,535</u></u>

**United Methodist Retirement Communities & Porter Hills Obligated Group**  
**Days Cash on Hand - Liquidity Covenant**  
**Rolling 12 Months Ending September 30, 2021**

	<b>September 30, 2021</b>
<b>Total Unrestricted Cash and Investments</b>	
Cash and cash equivalents	5,812,906
Assets limited as to use	60,828,047
Deduct Restricted Cash & Investments	
Life lease escrow	(288,458)
Thome PACE financing agreement	(100,000)
Assets limited as to use under indenture	(7,566,499)
Investment with donor restrictions	(17,154,407)
	<b>41,531,589</b>
<b>(A) Total Unrestricted Cash and Investments</b>	<b>41,531,589</b>
<b>Operating expenses, less certain noncash expenses</b>	
Operating expenses	83,741,882
Deduct:	
Depreciation expense	(14,006,083)
Provision for bad debts	(572,263)
	<b>69,163,536</b>
<b>(B) Operating expenses, less certain noncash expenses</b>	<b>69,163,536</b>
<b>Days Cash on Hand (A)/[(B)/365]</b>	<b>219</b>
<b>Required Days Cash on Hand</b>	<b>150</b>

**United Methodist Retirement Communities, Inc. Obligated Group**  
**Historical Debt Service Coverage Ratio**  
**Rolling 12 Months Ending September 30, 2021**

**Total Funds Available for Debt Service**

Increase (Decrease) in net assets without donor restrictions	7,236,415
Add (deduct):	-
Depreciation expense	14,006,083
Interest expense	3,602,168
Amortization of entrance fees	(4,082,981)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	12,492,018
Refunds of nonrefundable and refundable entrance fees	(3,031,393)
Net unrealized (gain)/loss on investments	(343,704)
Net unrealized (gain)/loss on investment in joint ventures	(9,128,493)
Change in fair value of interest rate swap agreements	(182,824)
Change in value of charitable gift annuities	(1,090)
Net transfers to affiliates	54,370
Net assets released from restriction for capital purchases	<u>(1,000,133)</u>

**(A) Income Available for Debt Services** 19,620,436

**(B) Debt Service Requirements** 5,915,839

**Historical Debt Service Coverage Ratio (A)/(B)** 3.32

**Required Historical Debt Service Coverage Ratio** 1.20

UMRC & Porter Hills

Census Report - 2021-22 Fiscal Year

	Capacity	Jul-21	Aug-21	Sep-21	FYTD	Budget
<b>Skilled Nursing</b>						
<b>Kresge</b>	85					
Census		75	77	71	74	74
Occupancy %		88.3%	90.3%	83.4%	87.4%	87.1%
Budget Occupancy %		87.1%	87.1%	87.1%	87.06%	
Resident Days		2,326	2,379	2,126	6,831	6,808
Private Pay		301	315	269	885	736
Medicaid		1,137	1,178	1,115	3,430	3,404
Medicare		580	620	443	1,643	1,564
Medicare HMO		254	196	193	643	736
Commercial Ins		54	70	106	230	368
<b>Village HRC</b>	81					
Census		65	60	61	62	66
Occupancy %		79.9%	73.5%	75.5%	76.3%	81.5%
Budget Occupancy %		81.5%	81.5%	81.5%	81.5%	
Resident Days		2,007	1,845	1,835	5,687	6,075
Private Pay		311	377	371	1,059	1,104
Medicaid		1,081	1,214	1,271	3,566	4,057
Medicare		213	68	83	364	442
Commercial Ins		402	186	110	698	472
<b>Green House</b>	20					
Census		17	17	17	17	18
Occupancy %		85.0%	85.0%	82.5%	84.2%	90.0%
Budget Occupancy %		90.0%	90.0%	90.0%	90.0%	
Resident Days		527	527	495	1,549	1,656
Private Pay		248	248	225	721	1,104
Medicaid		261	279	270	810	552
Medicare		-	-	-	-	-
Commercial Ins		18	-	-	18	-
<b>Assisted Living</b>						
<b>Glazier Commons AL</b>	84					
Census		62	65	68	65	75
Occupancy %		74.3%	77.5%	81.5%	77.7%	89%
Budget Occupancy %		88.7%	88.7%	88.7%	88.7%	
Resident Days		1,936	2,019	2,053	6,008	6,900
<b>Village AL</b>	67					
Census		54	55	54	54	57
Occupancy %		80.5%	81.9%	81.1%	81.2%	86%
Budget Occupancy %		91.0%	91.0%	91.0%	91.0%	
Resident Days		1,672	1,701	1,631	5,004	5,274
<b>Meadowlark AL</b>	20					
Census		19	18	18	18	20
Occupancy %		93.4%	90.3%	90.0%	91.3%	100%
Budget Occupancy %		100.0%	100.0%	100.0%	100.0%	
Resident Days		579	560	540	1,679	1,840

UMRC & Porter Hills

Census Report - 2021-22 Fiscal Year

	Capacity	Jul-21	Aug-21	Sep-21	FYTD	Budget
<b>Memory Care</b>						
<b>Towsley Village MC</b>	68					
Census		60	61	64	62	50
Occupancy %		88.7%	90.3%	93.8%	90.9%	73%
Budget Occupancy %		70.0%	74.0%	76.0%	73.3%	
Resident Days		1,869	1,904	1,914	5,687	4,598
<b>Village MC</b>	34					
Census		34	32	32	33	32
Occupancy %		99.1%	95.5%	94.1%	96.3%	94%
Budget Occupancy %		93.8%	93.8%	93.8%	93.8%	
Resident Days		1,044	1,007	960	3,011	2,932
<b>Meadowlark MC</b>	10					
Census		9	9	10	9	9
Occupancy %		90.3%	91.6%	100.0%	93.9%	93%
Budget Occupancy %		100%	90%	90%	93.3%	
Resident Days		280	284	300	864	859
<b>Independent Living</b>						
<b>CRC IL</b>	172					
Census		156	155	155	155	160
Occupancy %		90.5%	89.9%	90.3%	90.2%	93%
Budget Occupancy %		92.5%	92.5%	92.5%	95.9%	
Resident Days		4,826	4,791	4,659	14,276	14,720
<b>Village Center Rental</b>	53					
Census		34	38	40	37	41
Occupancy %		64.8%	71.0%	74.9%	70.2%	78%
Budget Occupancy %		78.0%	78.0%	78.0%	78.0%	
Resident Days		1,065	1,167	1,191	3,423	3,803
<b>Garden Apartments IL</b>	103					
Census		100	100	100	100	100
Occupancy %		96.8%	96.7%	97.2%	96.9%	97%
Budget Occupancy %		97.1%	97.1%	97.1%	97.1%	
Resident Days		3,091	3,089	3,004	9,184	9,200
<b>Village Town Homes IL</b>	22					
Census		18	19	20	19	19
Occupancy %		81.8%	84.2%	89.8%	85.2%	86%
Budget Occupancy %		86.4%	86.4%	86.4%	86.4%	
Resident Days		558	574	593	1,725	1,748
<b>Cedars of Dexter IL</b>	60					
Census		59	58	59	58.57	57
Occupancy %		97.6%	96.7%	98.6%	97.6%	
Budget Occupancy %		95.0%	95.0%	95.0%	93.3%	95.0%
<b>Cook Valley IL</b>	134					
Census		122	125	126	125	130
Occupancy %		91.1%	93.6%	94.1%	92.9%	
Budget Occupancy %		97.0%	97.0%	97.0%	97.0%	97.0%

**UMRC & Porter Hills****Census Report - 2021-22 Fiscal Year**

	Capacity	Jul-21	Aug-21	Sep-21	FYTD	Budget
<b>Meadowlark IL</b>	26					
Census		18	19	18	18	20
Occupancy %		69.2%	76.9%	84.6%	70.6%	77%
Budget Occupancy %		100.0%	100.0%	100.0%	100.0%	
Resident Days		558	587	544	1,689	1,838
<b>Home Health</b>						
Episodes		137	153	146	436	
Budgeted Episodes		175	175	185	535	535
Average \$ per Case		1,711	1,839	2,004	1,851	2,169



	2016	2017	2018	2019	2020	2021
<b>Chelsea Retirement Community</b>						
Independent Living:						
Entrance Fee	\$33,900-\$329,900	\$35,595-\$346,395	\$36,663-\$356,787	\$37,762-\$443,745	\$39,650-\$465,932	\$40,840-\$489,229
Monthly Fee (incl Rentals)	\$1,858-\$5,086	\$1,914-\$5,245	\$1,971-\$5,399	\$2,040-\$5,570	\$2,110-\$5,764	\$2,173-\$5,937
Assisted Living (daily rate)	\$249-\$269	\$256-\$277	\$263-\$285	\$243-\$295	\$249-\$301	\$249-\$301
Memory Care (daily rate)	\$221-\$270	\$227-\$277	\$233-\$285	\$241-\$295	\$302	\$302
Skilled Nursing Facility (daily rate)	\$275-\$362	\$294-\$389	\$302-\$398	\$302-\$411	\$356-\$423	\$433
<b>Porter Hills Village</b>						
Independent Living:						
Entrance Fee	\$145,199+	\$157,033+	\$160,959+	\$169,007+	\$177,458+	\$186,331+
Monthly Fee (incl Rentals)	\$362-\$797	\$1,000-\$1,800	\$1,025-\$1,800	\$1,061-\$1,863	\$1,114-\$1,956	\$1,720-\$3,051
Assisted Living (daily rate)	\$145-\$203	\$150-\$210	\$150-\$210	\$153-\$204	\$159-\$207	\$162-\$212
Memory Care (daily rate)	\$193-\$214	\$200-\$224	\$200-\$224	\$222-\$227	\$222-\$227	\$226-\$316
Skilled Nursing Facility (daily rate)	\$290-\$440	\$300-\$455	\$308-\$466	\$311-\$473	\$324-\$490	\$332-\$515
<b>Cedars of Dexter</b>						
Independent Living:						
Entrance Fee	\$225,423-\$446,69	\$161,654-\$469,03	\$166,504-\$483,103	\$171,499-\$497,596	\$180,073-\$522,475	\$185,475-\$538,149
Monthly Fee	\$2,582-\$3,258	\$2,672-\$3,371	\$2,765-\$3,482	\$2,847-\$3,622	\$2,932-\$3,729	\$3,020-\$3,841
<b>Cook Valley Estates</b>						
Independent Living:						
Entrance Fee	\$204,955+	\$236,437+	\$242,348+	\$254,465+	\$267,189+	\$275,205+
Monthly Fee	\$844-\$880	\$869-\$1,950	\$912-\$1,999	\$958-\$2,069	\$1,006-\$3,098	\$2,200-\$3,522
<b>Meadowlark Retirement Community</b>						
Independent Living:						
Monthly Fee	\$1,854-\$2,777	\$1,950-\$2,850	\$2,050-\$2,950	\$2,100-\$3,000	\$2,168-\$3,098	\$2,244-\$3,206
Assisted Living (daily rate)	\$3,600-\$4,500	\$3,800-\$4,700	\$3,950-\$4,850	\$4,100-\$5,000	\$4,233-\$5,163	\$4,381-\$5,344
Memory Care (daily rate)	\$5,700	\$5,700	\$5,900	\$6,100	\$6,298	\$6,518

As of September 30, 2021, the Chelsea Retirement Community has a wait list of 85 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of September 30, 2021, the Cedars of Dexter has a wait list of 48 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of September 30, 2021, Porter Hills Village has a wait list of 40 prospective residents who have escrowed deposits with PHPV for independent living units.

As of September 30, 2021, Cook Valley Estates has a wait list 48 prospective residents who have escrowed refundable deposits for independent living units.

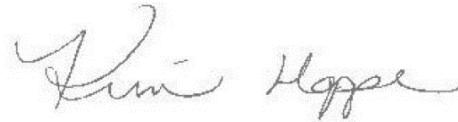
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Compliance Certificate

I, **Kim Hoppe**, certify, as of the date of this Certificate, the following:

- A. I am the Chief Financial Officer of United Methodist Retirement Communities, Inc. a Michigan non-profit corporation (the "Obligor") and have been authorized and directed to execute this Certificate on behalf of the Obligor.
- B. I have read and understand the Master Indenture dated as of September 1, 2013.
- C. Attached is a quarterly report for the fiscal quarter ending September 30, 2021, in accordance with Section 425 of the Master Indenture.
- D. I certify that the Obligated Group is in compliance with all of the terms, provisions and conditions of the Master Indenture.

I have signed this Certificate as Chief Financial Officer of the Obligor on November 30, 2021.



By: \_\_\_\_\_

Print Name: Kim Hoppe

Title: CFO