

United Methodist Retirement Communities, Inc.
2nd Quarter 2021 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 December 31, 2020.**

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.

On August 25th, 2020, the UMRC Obligated Group disclosed that it had changed the year-end of the organization from December 31 to June 30. To effectuate the change, the UMRC Obligated Group previously posted its quarterly report for the quarter ending June 30, 2020 within 60 days of the quarter's end. The following disclosure is the quarterly disclosure for the 2nd quarter of fiscal year 2021.

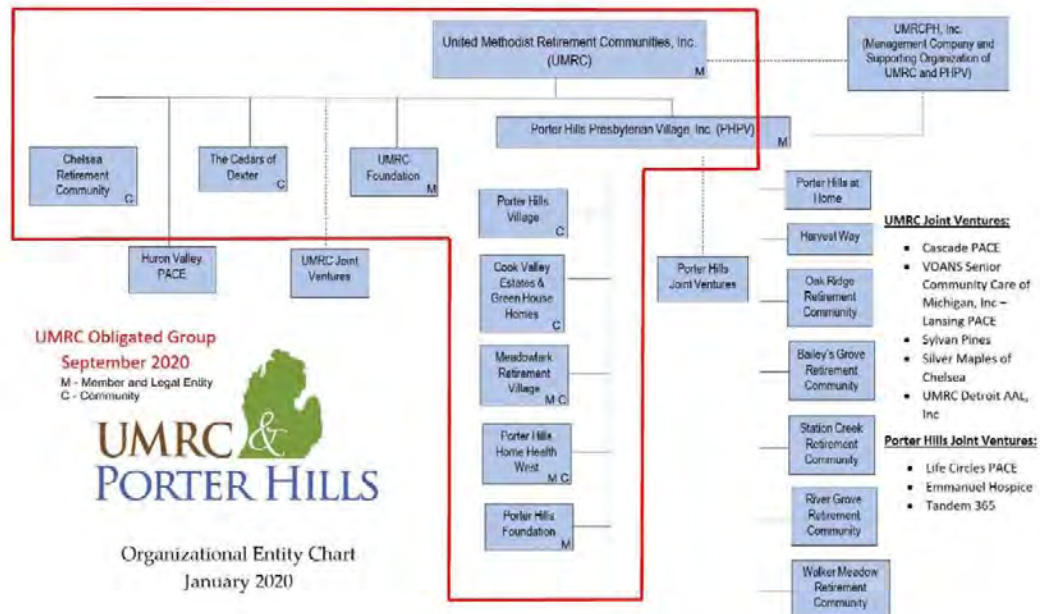
Organization Overview

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.

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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.
- 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.

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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.

Census

Chelsea Retirement Community		Fiscal Year Ended		Qtr Ended	Qtr Ended
		6/30/2019	6/30/2020	9/30/2020	12/31/2020
Independent Living	Available Units	173	174	172	172
	Average Occupancy	149	165	159	158
	Percentage Occupancy	86%	95%	92%	92%
Assisted Living	Available Units	83	84	84	84
	Average Occupancy	71	70	69	66
	Percentage Occupancy	86%	83%	82%	79%
Memory Care	Available Units	73	68	68	68
	Average Occupancy	68	60	57	53
	Percentage Occupancy	93%	88%	84%	78%
Skilled Nursing	Available Units	84	82	85	85
	Average Occupancy	73	63	66	65
	Percentage Occupancy	87%	77%	78%	76%
Cedars of Dexter:					
Independent Living	Available Units	60	60	60	60
	Average Occupancy	54	54	56	56
	Percentage Occupancy	90%	90%	93%	93%

<u>Kresge Medical Skilled Nursing Facility Payor Mix</u>				
	Fiscal Years Ended		Qtr End	Qtr Ended
	6/30/2019	6/30/2020	9/30/2020	12/31/2020
Medicare & Medicare Advantage	37%	37%	33%	32%
Medicaid	45%	45%	41%	44%
Private & Other	18%	18%	26%	24%

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		Fiscal Year Ended		Qtr Ending	Qtr Ending
		6/30/2019	6/30/2020	9/30/2020	12/31/2020
Porter Hills Village					
Independent Living					
	Available Units	178	178	178	178
	Average Occupancy	169	167	160	156
	Percentage Occupancy	94.9%	93.8%	89.9%	87.6%
Assisted Living					
	Available Units	67	68	68	68
	Average Occupancy	58	58	57	56
	Percentage Occupancy	87.1%	85.2%	83.8%	82.4%
Memory Care					
	Available Units	32	32	32	32
	Average Occupancy	25	28	32	31
	Percentage Occupancy	78.7%	86.5%	86.5%	86.5%
Skilled Nursing					
	Available Units	101	101	101	101
	Average Occupancy	86	87	84	78
	Percentage Occupancy	85.4%	85.7%	83.2%	77.2%
Cook Valley					
Independent Living					
	Available Units	134	134	134	134
	Average Occupancy	128	125	123	123
	Percentage Occupancy	95.5%	93.3%	91.8%	91.8%
Meadowlark					
Independent Living					
	Available Units	26	26	26	26
	Average Occupancy	22	25	25	23
	Percentage Occupancy	86.4%	96.2%	96.2%	88.5%
Assisted Living					
	Available Units	20	20	20	20
	Average Occupancy	20	20	19	18
	Percentage Occupancy	98.5%	98.8%	98.8%	98.8%
Memory Care					
	Available Units	10	10	10	10
	Average Occupancy	10	10	10	9
	Percentage Occupancy	95.8%	99.1%	99.1%	99.1%
Total					
	Available Units	568	569	569	569
	Percentage Occupancy	91.3%	91.2%	89.6%	86.8%
Home Care					
	Episodes	1,984	1,935	518	952

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Porter Hills Skilled Nursing Payor Mix:

Skilled Nursing Payor Mix	Fiscal Year End		Qtr End	Qtr End
	6/30/2019	6/30/2020	9/30/2020	12/31/2020
Medicare/Medicare Advantage	14%	13%	5%	6%
Medicaid	52%	62%	61%	67%
Private	34%	25%	34%	27%

The COVID-19 pandemic continues to put pressure on census, although current year census continues to run above national and state industry averages in most areas.

Operating Results

Summary Statement of Activities	Fiscal Year-end		Qtr End	YTD - 12/31/2020		
	6/30/2019	6/30/2020	9/30/2020	Actual	Budget	Variance (\$)
Net Service Revenue	56,910,883	60,488,411	13,074,837	32,436,889	34,497,154	(2,060,265)
Contributions	540,863	2,287,967	86,379	158,239	771,498	(613,259)
Other	13,105,081	10,174,181	4,752,289	5,198,786	2,599,484	2,599,302
Total Operating Revenue	70,556,827	72,950,559	17,913,504	37,793,914	37,868,136	(74,222)
Operating Expenses	61,455,683	65,379,098	15,115,814	32,052,155	32,012,034	(40,120)
Interest Expense	3,749,602	3,806,762	914,000	1,623,928	1,970,583	346,655
Depreciation	11,124,707	12,287,131	2,815,078	5,186,449	5,061,931	(124,519)
Total Operating Expenses	76,329,992	81,472,991	18,844,892	38,862,533	39,044,548	182,015
Operating Loss	(5,773,165)	(8,522,432)	(931,388)	(1,068,619)	(1,176,412)	107,794
Net investment income	1,719,432	(517,528)	3,026,848	2,198,832	50,000	2,148,833
Change in fair value of interest rate swap	(1,509,670)	(1,286,460)	194,118	235,624	-	235,624
Gain (loss) from investment in joint ventures	(178,699)	3,700,235	1,824,173	4,182,894	801,792	3,381,102
Net assets released from restriction for capital	4,667,066	2,032,568		993,177	-	993,177
Other	(1,046,104)	(42,714)	(931)	(56,243)	(5,400)	(50,843)
Total Other Changes to Net Assets Without Donor Restrictions	3,652,025	3,886,101	5,044,208	7,554,284	846,392	6,707,892
Increase (Decrease) in Net Assets Without Donor Restrictions	(2,121,140)	(4,636,331)	4,112,820	6,485,665	(330,020)	6,815,686

Operating Revenue and Expenses: YTD Operating Income was \$108,000 positive to budget

- Net service revenue was \$2M negative to budget primarily related to the COVID pandemic impacting census in the Skilled Nursing, Assisted Living and Memory Care areas.
- Unrestricted contributions were behind budget \$613k
- Misc. revenue was \$2.6M positive to budget, including COVID-19 CARES Act relief payments
- Operating Expenses were approximately \$182k better than budget, primarily related to lowering staffing levels to align to census.
- Depreciation & Amortization expenses were over budget by \$125k due to the write-off of old bond issuance.

Non-Operating (Unrestricted) Results

Non-operating activity was almost \$6.7M positive to budget, due to gains on investments, swaps and joint ventures.

Restricted Results

Restricted activity was approximately \$660k over budget, with restricted contributions as well as restricted investment gain adding to the bottom-line.

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Financial Position

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



*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 50th 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 (reported semi-annually) continues on an upward trend, maintaining a solid cash position and significantly exceeding the thresholds required by the master trust indenture of 150.

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- Debt service coverage ratio (reported semi-annually) continue to exceed the master trust indenture of 1.2

Capital Financing

As of December 31, 2020, UMRC OG has the following financing arrangements:

- UMRC Series 2012 limited obligation revenue bonds with an original issuance of \$10M, current principal balance of \$6M, 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, current principal balance of \$5.8M, with annual principal payments and semi-annual interest payments through the maturity date of November 15, 2043. These are fixed rate bonds issued through the Michigan Strategic Fund. These bonds carry an average fixed interest rate of 6.02%. 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, current principal balance of \$10M, 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.
- 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 \$3.5M as of June 30, 2020.
- 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 \$4.8M as of June 30, 2020.
- 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. As noted below, on June 26, 2019, UMRC refinanced approximately \$8M of the original \$15M revolving loan agreement into limited obligation revenue bonds. As of September 30, 2020, the remaining balance had been refinanced as part of the \$10M revolving loan noted below.

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- On June 26, 2019 UMC 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. As of December 31, 2020, \$6M was 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 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

Attached are interim financial statements as of, and for the period ending, December 31, 2020.

**Obligated Group
Balance Sheet
12/31/2020**

<u>Balance sheet</u>	<u>12/31/2020</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$16,198,633
Resident accounts receivable - net	\$3,222,251
Accounts receivable (payable) - Affiliates	(\$1,038,424)
Prepaid expenses and other assets	\$1,562,116
Total Current Assets	<u>\$19,944,576</u>
Assets limited as to use	\$55,553,492
Property and equipment, net	\$179,866,549
Investment in joint ventures and notes receivable from affiliates	\$36,796,263
Other noncurrent assets	\$417,014
	<u>\$272,633,318</u>
Total Assets	<u><u>\$292,577,894</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$995,033
Current portion of long-term debt	\$1,845,237
Current portion of charitable gift annuities	\$14,280
Accrued liabilities and other	\$4,941,223
Total Current Liabilities	<u>\$7,795,773</u>
Long-term debt - net of current portion	\$97,005,480
Other long-term liabilities	\$17,988
Charitable gift annuities - net of current portion	\$62,454
Line of credit	\$0
Deferred revenue from entrance fees	\$25,945,786
Refundable entrance fees	\$43,024,134
Fair value of interest rate swap	\$428,811
Total Liabilities	\$174,280,426
NET ASSETS	
Unrestricted	\$86,945,043
Current Year Earnings	\$7,230,294
Temporarily restricted	\$11,379,799
Permanently restricted	\$12,742,333
Total Net Assets	<u>\$118,297,468</u>
Total Liabilities and Net Assets	<u><u>\$292,577,894</u></u>

UMRC & PH Combined Obligated Group
Combining Statement of Activities
For the Six Months Ending December, 2020

	Porter Hills Village	Cook Valley Estates	Meadowlark	Home Care	Chelsea Retirement Community	Cedars of Dexter	PH Foundation	UMRC Foundation	Eliminations	Total	Budget	Variance
Operating Revenue												
Net Service Revenue	10,063,005	983,461	1,037,408	1,713,214	14,291,769	1,095,082	-	-		29,183,938	32,767,902	(3,583,964)
Investment Income - unrestricted	-	33	-	-	-	-	678,393	1,448,895	(16,441)	2,110,880	705,500	1,405,380
Life Lease Amortization	532,984	680,655	-	-	346,080	242,178	-	-		1,801,897	1,893,984	(92,087)
Contributions - unrestricted	-	-	-	-	-	-	66,899	91,340		158,239	771,498	(613,259)
Supplemental charges and misc revenue	1,763,919	248,082	160,183	52,456	1,188,249	13,444	-	87,500	(260,881)	3,252,951	1,729,252	1,523,699
Net Assets released from restrictions used in operations	-	-	-	-	-	-	125,508	1,160,501		1,286,009	-	1,286,009
Total Operating Revenue	12,359,908	1,912,230	1,197,591	1,765,669	15,826,098	1,350,704	870,800	2,788,236	(277,322)	37,793,914	37,868,136	(74,222)
Operating Expenses												
Salaries and Wages	5,638,534	330,568	627,954	1,242,098	6,660,633	211,555	101,352	358,880		15,171,575	15,049,796	(121,780)
Employee Benefits	1,034,094	38,290	121,063	270,053	1,507,001	62,304	14,100	95,511		3,142,416	3,296,284	153,867
Operating Supplies & Expenses	669,470	92,451	85,431	34,096	977,796	62,582	99,108	44,013		2,064,947	1,315,436	(749,511)
Professional Services & Consultant Fees	1,213,901	22,246	13,369	21,708	408,186	64,317	115,838	6,711		1,866,276	2,747,750	881,474
Repairs & Maintenance	167,674	99,524	30,282	12,294	283,660	67,052	-	-	(201,508)	458,978	664,593	205,615
Utilities	525,446	91,044	44,197	-	323,545	46,822	-	-		1,031,054	1,027,059	(3,996)
Depreciation and Amortization	1,407,053	1,177,088	108,311	1,259	2,165,775	309,660	-	17,304		5,186,449	5,061,931	(124,519)
Interest	406,625	538,236	58,750	-	533,593	103,165	-	-	(16,441)	1,623,928	1,970,583	346,655
Real Estate Taxes	49,263	81,943	34,650	-	282,271	112,041	-	-		560,168	760,571	200,403
Quality Assurance Assessment	305,607	-	-	-	239,759	-	-	-		545,366	585,804	40,439
Other	387,735	71,882	22,343	113,394	1,297,839	9,497	54,139	31,880		1,988,709	2,066,709	78,000
Management Fees	1,632,677	167,080	156,149	306,632	2,328,987	99,150	40,000	66,230	(59,374)	4,737,531	4,446,036	(291,494)
Grant Expenses	-	-	-	-	290,636	-	-	194,499	-	485,135	51,998	(433,137)
Total Operating Expenses	13,438,079	2,710,352	1,302,499	2,001,534	17,299,681	1,148,145	424,537	815,028	(277,322)	38,862,533	39,044,548	182,015
Operating Income (Loss)	(1,078,172)	(798,122)	(104,908)	(235,864)	(1,473,583)	202,559	446,263	1,973,208	-	(1,068,619)	(1,176,412)	107,794
Non-Operating Income (Loss)												
Change in value of charitable gift annuities	-	-	-	-	-	-	(1,863)	-		(1,863)	(5,400)	3,537
Net unrealized gain / loss on investments	-	-	-	-	-	-	523,115	1,675,717		2,198,832	50,000	2,148,833
Change in fair value of interest rate swap agreements	75,043	79,436	7,985	-	27,894	45,266	-	-		235,624	-	235,624
Net gain on affiliation	-	-	-	-	-	-	-	-		-	-	-
Net gain on joint ventures	1,347,786	-	-	-	2,835,108	-	-	-	-	4,182,894	801,792	3,381,102
Net assets released from restrictions - Capital	-	-	-	-	-	-	-	993,177		993,177	0	993,177
Total Non-Operating Income (Loss)	1,422,829	79,436	7,985	-	2,863,002	45,266	521,252	2,668,894	-	7,608,664	846,392	6,762,272
Sub-total	344,658	(718,686)	(96,923)	(235,864)	1,389,419	247,825	967,515	4,642,102	-	6,540,045	(330,020)	6,870,066
Net transfers (to) from affiliates	69,648	23,807	84,668	-	800,033	-	(232,503)	(800,033)	-	(54,380)	-	(54,380)
Net Income (loss)	414,306	(694,879)	(12,255)	(235,864)	2,189,452	247,825	735,012	3,842,069	-	6,485,665	(330,020)	6,815,686
Temporarily Restricted Net Assets												
Restricted contributions							672,848	1,212,791		1,885,639	1,500,000	385,639
Restricted investment income							194,763	2,376,680		2,571,443	27,965	2,543,478
Change in present value of pledges receivable							2,058	-		2,058	1,357	701
Change in interest and present value of charitable remainder trusts							464	-		464	1,619	(1,155)
Net assets released from restriction							(125,508)	(2,153,678)		(2,279,186)	(10,110)	(2,269,076)
Increase / (Decrease) in temporarily restricted net assets	-	-	-	-	-	-	744,625	1,435,793	-	2,180,418	1,520,831	659,588
Change in Net Assets	414,306	(694,879)	(12,255)	(235,864)	2,189,452	247,825	1,479,637	5,277,862	-	8,666,084	1,190,810	7,475,273

**UMRC/Porter Hills
Obligated Group
Statement of Cash flows
Quarter Ended 12-31-2020**

	12/31/2020
<i>Cash Flow from Operating Activities</i>	
Increase in Unrestricted Net Assets	\$1,804,935
Adjustments to reconcile increase in net assets to net cash from operating Activities:	
Depreciation	\$2,371,371
Amortization of deferred life lease Revenue	(\$949,346)
Amortization of bond issue costs	(\$37,950)
Realized and unrealized (gains)/loss on investments	(\$851,200)
Gain from investments in joint venture	(\$2,358,721)
Loss on disposal of fixed assets	\$0
Bad Debt expense	\$135,712
Decrease (increase) in operating assets:	
Accounts receivable	\$2,341,818
Accounts receivable - Affiliates	\$428,958
Prepaid expenses and other current assets	(\$204,504)
Increase (decrease) in Operating Liabilities:	
Accounts Payable	(\$522,477)
Accrued and other liabilities	\$681,114
Interest rate swap	(\$41,505)
Net Cash Provided by Operating Activities	<u>\$2,798,205</u>
<i>Cash flow from Investing Activities</i>	
Additions to property and equipment	(\$2,163,423)
Net investment activity (purchase/sales)	(\$322,906)
Investment in related organizations	
Net cash used in Investing Activities	<u>(\$2,486,329)</u>
<i>Cash flows from Financing Activities</i>	
Proceeds from life lease entrance fees	\$1,631,253
Refund of life lease entrance fees	(\$905,276)
Change in line of credit	\$0
Contributions received for capital purposes	\$993,177
Proceeds from issuance of debt	\$0
Principal payments on long term debt	(\$3,462,291)
Net Cash Provided by (used in) Financing Activities	<u>(\$1,743,137)</u>
Net Increase (Decrease) in cash and cash equivalents	(\$1,431,261)
Cash and Cash equivalents beginning of year	\$18,517,360
Cash and cash equivalents end of year period	<u><u>\$17,086,099</u></u>

United Methodist Retirement Communities, Inc. Obligated Group

Historical Debt Service Coverage Ratio

Rolling 12 Months Ending December 31, 2020

	Rolling 12
Total Funds Available for Debt Service	
Increase (Decrease) in net assets without donor restrictions	19,680
Add (deduct):	-
Depreciation expense	12,797,316
Interest expense	3,569,847
Amortization of entrance fees	(3,915,591)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	9,776,135
Refunds of nonrefundable and refundable entrance fees	(6,108,937)
Net unrealized (gain)/loss on investments	(55,111)
Net unrealized (gain)/loss on investment in joint ventures	(5,526,753)
Change in fair value of interest rate swap agreements	1,250,846
Change in value of charitable gift annuities	(4,726)
Net transfers to affiliates	(9,044)
Net assets released from restriction for capital purchases	(1,709,910)
(A) Income Available for Debt Services	10,083,753
(B) Debt Service Requirements	5,776,749
Historical Debt Service Coverage Ratio (A)/(B)	1.75
Required Historical Debt Service Coverage Ratio	1.20

United Methodist Retirement Communities, Inc. Obligated Group

**Days Cash on Hand - Liquidity Covenant
Rolling 12 Months Ending December 31, 2020**

	<u>December 31, 2020</u>
Total Unrestricted Cash and Investments	
Cash and cash equivalents	16,198,633
Assets limited as to use	55,553,492
Deduct:	
Life lease escrow	(1,775,877)
Thome PACE financing agreement	(100,000)
Assets limited as to use under indenture	(6,021,375)
Investment with donor restrictions	<u>(16,816,411)</u>
(A) Total Unrestricted Cash and Investments	<u><u>47,038,463</u></u>
Operating expenses, less certain noncash expenses	
Operating expenses	80,897,077
Deduct:	
Depreciation expense	(12,797,316)
Provision for bad debts	<u>(375,851)</u>
(B) Operating expenses, less certain noncash expenses	<u><u>67,723,909</u></u>
Days Cash on Hand (A)/[(B)/366]	<u><u>254</u></u>
Required Days Cash on Hand	<u><u>150</u></u>

Porter Hills, Inc.
Census Report - 2020-21 Fiscal Year

	Capacity	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FYTD	Budget	Payer Mix	Payer Mix Budget
Porter Hills Village											
Skilled Nursing											
Village HRC	81										
Census		66	66	69	59	61	48	61	71		
Occupancy %		81.4%	81.1%	84.8%	73.4%	75.0%	59.2%	75.8%	87.5%		
Budget Occupancy %		87.5%	87.5%	87.5%	87.5%	87.5%	87.5%				
Resident Days		2,044	2,036	2,060	1,842	1,822	1,486	11,290	13,046		
Private Pay		391	409	490	318	371	205	2,184	2,944	19.3%	22.6%
Medicaid		1,377	1,320	1,336	1,330	1,201	1,043	7,607	7,673	67.4%	58.8%
Medicare		92	146	151	91	100	114	694	1,030	6.1%	7.9%
Commercial Ins		184	161	83	103	150	124	805	1,398	7.1%	10.7%
Green House											
Green House	20										
Census		19	17	17	16	16	17	17	19		
Occupancy %		92.9%	85.3%	82.7%	78.4%	77.5%	83.5%	83.4%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%				
Resident Days		576	529	496	486	465	518	3,070	3,496		
Private Pay		359	312	300	300	271	301	1,843	2,392	60.0%	68.4%
Medicaid		217	217	196	186	194	217	1,227	1,104	40.0%	31.6%
Medicare		-	-					-		0.0%	0.0%
Commercial Ins		-	-					-		0.0%	0.0%
Assisted Living											
Assisted Living	67										
Census		56	59	57	53	59	54	56	59		
Occupancy %		84.1%	87.9%	84.5%	79.4%	88.5%	80.8%	84.2%	87.5%		
Budget Occupancy %		87.5%	87.5%	87.5%	87.5%	85.0%	85.0%				
Resident Days		1,747	1,826	1,698	1,649	1,779	1,679	10,378	8,965		
Memory Support											
Memory Support	32										
Census		32	32	31	30	31	29	31	26		
Occupancy %		98.6%	100.4%	98.0%	93.8%	96.9%	92.1%	96.6%	82.3%		
Budget Occupancy %		76.0%	78.2%	85.0%	85.0%	85.0%	85.0%				
Resident Days		978	996	941	930	930	914	5,689	4,848		
Independent Living											
Village Center	53										
Census		47	45	44	42	41	39	43	50		
Occupancy %		89.1%	85.4%	83.1%	79.5%	77.4%	72.9%	81.2%	94.2%		
Budget Occupancy %		94.2%	94.2%	94.2%	94.2%	94.2%	94.2%				
Resident Days		1,464	1,403	1,321	1,307	1,231	1,197	7,923	7,497		
Garden Apartments											
Garden Apartments	103										
Census		99	95	91	91	93	94	94	85		
Occupancy %		95.8%	91.8%	88.8%	88.5%	90.0%	91.7%	91.1%	82.3%		
Budget Occupancy %		97.1%	98.0%	98.0%	98.0%	98.0%	98.0%				
Resident Days		3,060	2,932	2,743	2,827	2,782	2,928	17,272	15,604		
Town Homes											
Town Homes	22										
Census		20	20	19	18	18	18	19	21		
Occupancy %		90.9%	88.7%	86.1%	81.8%	81.8%	81.8%	85.2%	95.2%		
Budget Occupancy %		95.2%	95.2%	95.2%	95.2%	95.2%	95.2%				
Resident Days		620	605	568	558	540	558	3,449	3,060		

Porter Hills, Inc.
Census Report - 2020-21 Fiscal Year

	Capacity	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	FYTD	Budget	Payer Mix	Payer Mix Budget
Meadowlark											
Assisted Living	20										
Census		20	20	18	18	15	15	18	17		
Occupancy %		100.0%	100.0%	87.8%	90.3%	75.8%	75.0%	88.2%	82.6%		
Budget Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%	95.0%				
Resident Days		620	620	527	560	455	465	3,247	3,040		
Memory Support	10										
Census		10	10	10	10	8	6	9	8		
Occupancy %		100.0%	100.0%	96.0%	100.0%	82.0%	61.0%	89.8%	77.7%		
Budget Occupancy %		90.0%	90.0%	90.0%	90.0%	100.0%	100.0%				
Resident Days		310	310	288	310	246	189	1,653	1,429		
Independent Living	26										
Census		25	26	25	24	22	19	23	26		
Occupancy %		96.2%	98.5%	94.2%	90.7%	86.4%	71.7%	89.6%	100.0%		
Budget Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%	96.0%				
Resident Days		775	794	735	731	674	578	4,287	4,784		
Cook Valley											
Independent Living	134										
Census		123	124	121	121	122	128	123	124		
Occupancy %		91.6%	92.5%	90.3%	90.6%	91.3%	95.3%	91.9%	94.6%		
Budget Occupancy %		92.5%	94.0%	95.5%	95.5%	95.5%	95.5%				
Home Health											
Episodes		197	167	154	160	137	137	952	900		
Budgeted Episodes		150	150	150	150	150	150				
Average \$ per Case		1,521	1,656	2,015	1,908	1,884	1,912		2,076		
Life Circles											
Total Participants		352	350	347	358	355	349	2,111	1,042		
Muskegon		209	207	205	207	205	200	1,233	626		
Holland		143	143	142	151	150	149	878	416		
Avenues											
Total Members		46	45	45	45	45	45	271	182		
Emmanuel Hospice											
# of Days		4,950	5,138	5,185	5,531	5,663	5,753	32,220	20,900		
Affordable Housing											
Bailey's Grove	43										
Census		38	39	38	37	37	38	38			
Occupancy %		88.4%	90.7%	88.4%	86.0%	86.0%	88.4%	88.0%	98.6%		
Harvest Way	45										
Census		43	44	44	44	44	43	44			
Occupancy %		95.6%	97.8%	97.8%	97.8%	97.8%	95.6%	97.0%	98.9%		
Oak Ridge	45										
Census		43	43	44	43	43	45	44			
Occupancy %		95.6%	95.6%	97.8%	95.6%	95.6%	100.0%	96.7%	98.6%		
River Grove	46										
Census		45	45	45	45	45	45	45			
Occupancy %		97.8%	97.8%	97.8%	97.8%	97.8%	97.8%	97.8%	98.1%		
Station Creek	49										
Census		46	46	45	45	45	45	45			
Occupancy %		93.9%	93.9%	91.8%	91.8%	91.8%	91.8%	92.5%	99.2%		
Walker Meadow	42										
Census		38	37	36	36	35	34	36			
Occupancy %		90.5%	88.1%	85.7%	85.7%	83.3%	81.0%	85.7%	98.1%		

Chelsea Retirement Community	2014	2015	2016	2017	2018	2019	2020
Independent Living:							
Entrance Fee	n/a	n/a	\$33,900-\$329,900	\$35,595-\$346,395	\$36,663-\$356,787	\$37,762-\$443,745	\$39,650-\$465,932
Monthly Fee	\$2,061-\$4,785	\$2,106-\$4,890	\$1,858-\$5,086	\$1,914-\$5,245	\$1,971-\$5,399	\$2,040-\$5,570	\$2,110-\$5,764
Assisted Living (daily rate)	\$191-\$221	\$242-\$262	\$249-\$269	\$256-\$277	\$263-\$285	\$243-\$295	\$249-\$301
Memory Care (daily rate)	\$211-\$262	\$211-\$262	\$221-\$270	\$227-\$277	\$233-\$285	\$241-\$295	\$302
Skilled Nursing Facility (daily rate)	\$267-\$352	\$275-\$362	\$275-\$362	\$294-\$389	\$302-\$398	\$302-\$411	\$356-\$423
Cedars of Dexter	2014	2015	2016	2017	2018	2019	2020
Independent Living:							
Entrance Fee	\$136,395-\$395,745	\$143,215-\$415,532	\$225,423-\$446,697	\$161,654-\$469,032	\$166,504-\$483,103	\$171,499-\$497,596	\$180,073-\$522,475
Monthly Fee	\$2,434-\$3,062	\$2,507-\$3,146	\$2,582-\$3,258	\$2,672-\$3,371	\$2,765-\$3,482	\$2,847-\$3,622	\$2,932-\$3,729

As of December 31, 2020, the Chelsea Retirement Community has a wait list of 173 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of December 31, 2020, the Cedars of Dexter has a wait list of 46 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of December 31, 2020, Porter Hills Village has a wait list of 34 prospective residents who have escrowed deposits with PHPV for independent living units.

As of December 31, 2020, Cook Valley Estates has a wait list 38 prospective residents who have escrowed refundable deposits for independent living units.