

Brio Living Services, Inc. Obligated Group
1st Quarter 2024 Management Discussion of Financial Performance and Position

The following is a brief Management Discussion of the Brio Living Services, Inc Obligated Group's (OG) financial activities, performance, and position **as of and YTD September 30, 2023**.

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

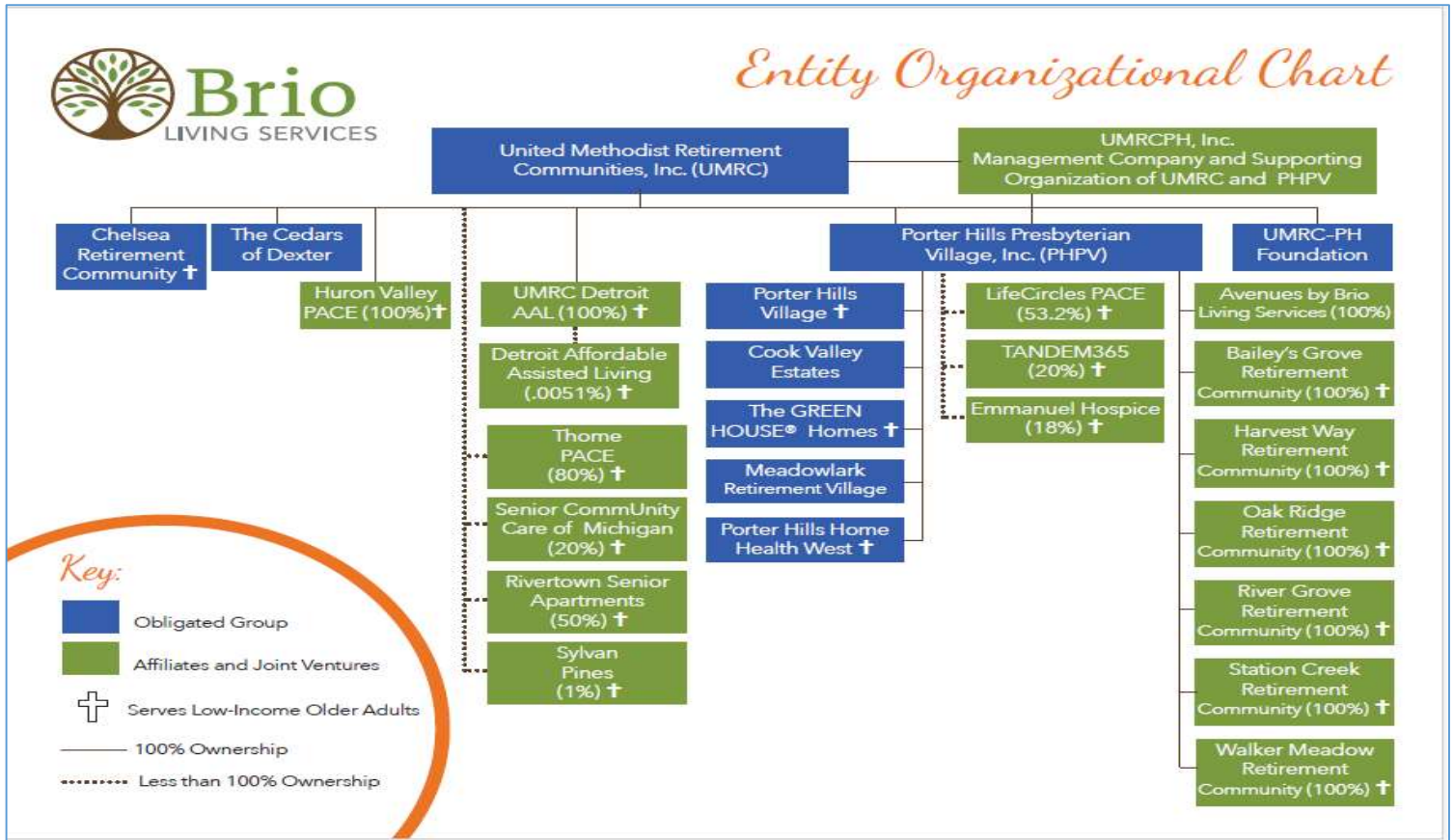
United Methodist Retirement Communities, Inc. (UMRC) is a Michigan nonprofit organization governed by a board of trustees that provides housing, healthcare, and other related senior services. The Obligated Group (OG) special purpose combined financials statements are prepared for the combined entities 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.

In March 2022, UMRC and Porter Hills filed for a new Assumed Name (DBA) of Brio Living Services Inc (Brio) by which it will be referenced going forward in this document.

Brio Living Services, Inc. Obligated Group
 1st Quarter 2024 Management Discussion of Financial Performance and Position



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 and Porter Hills Foundation merged into UMRC-Porter Hills Foundation on July 1, 2021. UMRC is the sole corporate member. The foundations were established to raise funds, invest assets, and monitor growth to ensure the operating entities can continue as in-depth, innovative, and inclusive senior living and services resource.
- Brio Corporate Office provides the leadership and administrative oversight and support services for the Brio Living Services Obligated Group. Additionally, the Brio 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.
- 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.

Brio Living Services, Inc. Obligated Group 1st Quarter 2024 Management Discussion of Financial Performance and Position

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:

- Brio 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.
- Brio 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.
- Brio is a 1 % member of Sylvan Pines Limited Dividend Housing Associated, LLC (Sylvan Pines), an affordable housing project in Chelsea, Michigan with which Brio has a management agreement and is accounted for under the equity method.
- Brio 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 Brio is involved with, and accounts for under the equity method, include:
 - Brio 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 Brio had an 80% controlling interest. Huron Valley PACE serves Washtenaw and Monroe Counties as well as parts of Oakland, Wayne, and Livingston Counties.
 - Brio 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.
 - Brio 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 Brio Living Services Obligated Group, Brio 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, Brio has the following ownership in entities that are outside of the Brio Living Services Obligated Group:
 - Avenues by Porter Hills – a life-plan community without walls wholly owned by Brio.
 - LifeCircles – a PACE program in which Brio owns 53.2% of with two other unrelated partners.
 - Emmanuel Hospice – A hospice program partnership among Brio and several other unrelated retirement communities. Brio owns a minority interest in Emmanuel Hospice.
 - Tandem 365 - A PACE-like coordination agency partnership among Brio and several other unrelated organizations. Brio owns a minority interest in Tandem 365.

Brio Living Services, Inc. Obligated Group
1st Quarter 2024 Management Discussion of Financial Performance and Position

Census

	Fiscal Year Ended			YTD
	6/30/2021	6/30/2022	6/30/2023	9/30/2023
Independent Living				
Chelsea Retirement Community				
Available Units	172	172	172	172
Average Occupancy	156	157	160	155
Percentage Occupancy	90.7%	91.3%	93.0%	90.1%
Porter Hills Village				
Available Units	178	178	174	163
Average Occupancy	151	155	154	156
Percentage Occupancy	84.8%	86.9%	88.5%	95.7%
Cook Valley				
Available Units	134	134	134	134
Average Occupancy	122	127	129	127
Percentage Occupancy	91.0%	94.6%	96.3%	94.8%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	20	19	23	26
Percentage Occupancy	76.9%	74.6%	88.5%	100.0%
Assisted Living				
Glazier Commons				
Available Units	84	84	84	84
Average Occupancy	64	63	60	63
Percentage Occupancy	76%	75%	71%	75.0%
Porter Hills Village				
Available Units	68	67	67	67
Average Occupancy	56	58	61	56
Percentage Occupancy	82.4%	86.1%	91.0%	83.6%
Meadowlark				
Available Units	20	20	20	20
Average Occupancy	18	19	19	19
Percentage Occupancy	90.0%	95.0%	95.0%	95.0%
Memory Care				
Towsley Village				
Available Units	68	68	68	68
Average Occupancy	51	64	64	66
Percentage Occupancy	75%	94%	94%	97.1%
Porter Hills Village				
Available Units	32	34	34	34
Average Occupancy	31	31.2	29	29
Percentage Occupancy	97%	92%	85%	85.3%
Meadowlark				
Available Units	10	10	10	10
Average Occupancy	9	9.6	9	9
Percentage Occupancy	90.0%	96.0%	90.0%	90.0%
Skilled Nursing				
Kresge				
Available Units	85	85	85	85
Average Occupancy	68	74	79	80
Percentage Occupancy	80%	87%	93%	94.1%
Village HRC*				
Available Units	101	101	61/39	39
Average Occupancy	75	75	40	37
Percentage Occupancy	74.3%	74.3%	80%	94.9%
Total				
Available Units	978	979	924	902
Percentage Occupancy	83.9%	87.0%	89.5%	91.2%
Home Care				
Episodes	1,829	1,731	1,553	416

*HRC reduced available beds from 61 to 39 during FY23

Brio Living Services, Inc. Obligated Group
1st Quarter 2024 Management Discussion of Financial Performance and Position

Kresge Skilled Nursing Facility Payor Mix				
	<u>Fiscal Year Ended</u>			<u>YTD</u>
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>9/30/2023</u>
Medicare & Medicare Advantage	34%	35%	38%	35%
Medicaid	46%	48%	44%	41%
Private & Other	20%	17%	18%	24%

Porter Hills Village Skilled Nursing Payor Mix				
	<u>Fiscal Year Ended</u>			<u>YTD</u>
	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>9/30/2023</u>
Medicare/Medicare Advantage	7%	5%	0.5%	0.0%
Medicaid	58%	62%	62.0%	69.0%
Private & Other	35%	33%	37.5%	31.0%

As of December 31, 2022, Village HRC completed the transition to reduce licensed beds from 81 to 39.

Brio Living Services, Inc. Obligated Group
1st Quarter 2024 Management Discussion of Financial Performance and Position

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.

Summary Statement of Activities	Fiscal Year-end			Fiscal Year to Date 09/30/2023		
	6/30/2021	6/30/2022	6/30/2023	Actual	Budget	Variance
Net Service Revenue	58,005,767	61,767,504	64,846,215	16,925,215	16,921,574	3,641
Net investment income	3,301,817	4,512,036	1,576,721	429,010	302,218	126,792
Contributions	1,464,228	5,867,539	400,874	20,538	125,000	(104,462)
Other	17,422,737	10,926,448	10,740,816	2,004,917	2,093,836	(88,919)
Total Operating Revenue	80,194,549	83,073,527	77,564,626	19,379,680	19,442,628	(62,948)
Operating Expenses	64,979,722	68,297,171	69,265,253	17,264,455	17,022,826	(241,629)
Interest Expense	3,587,450	3,807,995	3,551,716	897,896	964,863	66,967
Depreciation*	13,410,485	13,576,784	13,193,024	3,335,286	3,432,208	96,922
Total Operating Expenses	81,977,657	85,681,950	86,009,993	21,497,637	21,419,897	(77,740)
Operating Loss	(1,783,108)	(2,608,423)	(8,445,367)	(2,117,957)	(1,977,269)	(140,688)
Change in fair value of interest rate swap	345,653	351,751	117,262	(8,993)	-	(8,993)
Gain (loss) from investment in joint ventures	8,960,431	4,585,387	8,494,816	1,003,067	1,018,351	(15,284)
Net assets released from restriction for capital	1,000,133	408,200	1,429,572	-	-	-
Other	3,562,927	(8,424,319)	805,202	(907,950)	225	(908,175)
Total Other Changes to Net Assets Without Donor Restrictions	13,869,144	(3,078,981)	10,846,852	86,124	1,018,576	(932,452)
Increase (Decrease) in Net Assets Without Donor Restrictions	12,086,036	(5,687,404)	2,401,485	(2,031,833)	(958,693)	(1,073,140)

* Includes 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. **Depreciation amount as of 6/30/23 is \$3M and \$744K as of 09/30/23**

YTD Operating Loss \$141 thousand unfavorable to budget:

- Operating revenues are unfavorable to budget due to: unrestricted contributions and net assets released from restriction for operations are unfavorable to budget \$240K.
- Operating expenses are unfavorable to budget due to: salaries and wages are higher than budget \$370K. This variance is primarily from overtime incurred to cover open positions and to reduce use of agency. Efforts are underway to reduce overtime in future months.

Non-Operating (Unrestricted) Results

Non-operating activity is unfavorable to budget \$930K. This is primarily due to unrestricted unrealized losses of \$840K.

Restricted Results

Restricted activity was approximately \$780K unfavorable to budget. See the statement of activities for more information.

Brio Living Services, Inc. Obligated Group
 1st Quarter 2024 Management Discussion of Financial Performance and Position

Financial Position

The following summary includes the results of the co-obligated group of Brio Living Services:



Brio Living Services, Inc. Obligated Group
1st Quarter 2024 Management Discussion of Financial Performance and Position

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

Key ratios show the following:

- Net Operating Margin is currently below the CARF median and the 50th percentile. Brio is working on several initiatives to improve the margin
- Days Cash on Hand ratio is well above the Covenant requirement of 150
- Debt service coverage ratio is above the master trust indenture requirement of 1.2x. The ratio was higher in prior years due to a large unrestricted gift in FY22 and also from COVID funding.

Questions are welcome and can be directed to:

Kim Hoppe, CFO - 616-301-6205 or khoppe@mybrio.org

Attached are financial statements as of and YTD through September 30, 2023.

Capital Financing Arrangements in Place as of June 30, 2023

Brio OG has the following financing arrangements:

- Brio 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 SOFR and 115 basis points through November 15, 2017, increasing to a variable interest rate of 65% of the combined one-month SOFR 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 on November 15, 2027, that essentially fixes the interest rate at 2.83% on 50 percent of the outstanding principal amount.
- Brio 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, Brio refinanced approximately \$4.4M of the 2013 limited obligation revenue bonds.
- Brio 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 SOFR 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 Brio OG. The balance in this line of credit is \$2.2M as of June 30, 2023.

Brio Living Services, Inc. Obligated Group
1st Quarter 2024 Management Discussion of Financial Performance and Position

- 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 Brio OG. The balance in this line of credit is \$4M as of June 30, 2023.
- On June 26, 2019 Brio 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 Brio 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 construction revolver and an operating line of credit.

The bonds and revolving loan agreement are collateralized by a mortgage on certain real estate and related buildings and land of Brio and guaranteed by the UMRC-Porter Hills Foundation. Under the terms of the limited obligation revenue bond agreements, revolving loan agreement and master trust indenture, Brio 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.

Brio Living Services
Balance Sheet - Obligated Group
As of September 30, 2023

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Home Health - West	Eliminations	Total	Audited* 06/30/2023 Prior FY End
	09/30/2023	09/30/2023	09/30/2023	09/30/2023	09/30/2023	09/30/2023	09/30/2023		09/30/2023	
ASSETS										
Current Assets										
Cash and cash equivalents	(70,795)	(35,773)	(193,288)	10,406,594	(5,441)	522,098	(877)		10,622,518	13,542,579
Accounts receivable - residents	35,529	6,006	275,103	1,847,206	30,452	0	604,940		2,799,235	3,744,578
Prepaid expenses and other assets	29,923	161,498	52,793	1,473,839	31,928	23,512	741		1,774,235	1,871,909
AR / (AP) Intercompany	(297,710)	3,707,465	6,623	8,131,718	(2,065,229)	(530,253)	(7,487,811)		1,464,802	1,466,625
Total Current Assets	(303,053)	3,839,196	141,231	21,859,357	(2,008,290)	15,357	(6,883,007)		16,660,790	20,625,691
Investments										
Assets limited as to use	2,420,571	72,402	2,170,895	3,051,321	225,928	57,201,742	0		65,142,859	64,273,823
Property and equipment, net	25,450,138	13,837,507	57,448,295	64,139,943	5,837,996	688,290	30,337		167,432,508	168,768,627
Investment in and notes receivable from al	0	0	13,341,085	27,514,451	0	0	0	4,070,247	44,925,783	43,963,578
Total Investments	27,870,709	13,909,909	72,960,275	94,705,715	6,063,924	57,890,032	30,337	4,070,247	277,501,150	277,006,028
Total Assets	27,567,656	17,749,105	73,101,506	116,565,072	4,055,634	57,905,389	(6,852,670)	4,070,247	294,161,940	297,631,719
Total Liabilities and Net Assets										
LIABILITIES										
Current Liabilities										
Accounts Payable	44,218	52,627	336,840	320,566	18,902	18,881	5,330		797,364	2,835,346
Current portion of long-term debt	456,088	383,379	521,007	960,000	62,904	0	0		2,383,377	2,383,378
Accrued liabilities and other	510,743	76,821	1,131,007	1,784,259	210,729	75,116	105,410		3,894,087	3,138,827
Total Current Liabilities	1,011,049	512,827	1,988,854	3,064,824	292,535	93,997	110,740		7,074,828	8,357,551
Long Term Liabilities										
Long-term debt - net of current portion	25,437,097	8,190,145	22,892,949	26,566,564	2,325,296	0	0	(1,018,915)	84,393,136	83,917,855
Deferred revenue from entrance fees	10,706,412	3,867,981	8,175,461	3,405,987	0	0	0		26,155,840	26,760,800
Refundable entrance fees	18,922,553	7,831,806	12,902,815	11,117,566	0	0	0		50,774,741	50,625,552
Fair value of interest rate swap	0	(97,075)	0	(44,162)	0	0	0		(141,237)	(150,230)
Total Long Term Liabilities	55,066,062	19,792,857	43,971,225	41,045,955	2,325,296	0	0	(1,018,915)	161,182,480	161,153,977
Total Liabilities	56,077,111	20,305,684	45,960,079	44,110,779	2,617,831	93,997	110,740	(1,018,915)	168,257,308	169,511,528
NET ASSETS										
Unrestricted	(28,383,667)	(2,587,056)	28,470,889	71,745,486	1,499,689	31,385,424	(6,822,154)	5,089,162	100,397,773	100,375,432
Current year earnings	(125,788)	30,477	(1,329,462)	634,259	(61,886)	(1,038,175)	(141,256)		(2,031,832)	0
Current year earnings - restricted	0	0	0	0	0	(183,738)	0		(183,738)	0
Restricted	0	0	0	74,548	0	27,647,881	0		27,722,429	27,744,759
Total Net Assets	(28,509,455)	(2,556,579)	27,141,427	72,454,293	1,437,803	57,811,392	(6,963,410)	5,089,162	125,904,632	128,120,191
Total Liabilities and Net Assets	27,567,656	17,749,105	73,101,506	116,565,072	4,055,634	57,905,389	(6,852,670)	4,070,247	294,161,940	297,631,719

Brio Living Services
Statement of Activities - Obligated Group
Fiscal Year to Date Ending September 30, 2023

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Home Health - West	Total	Budget	Variance
Operating Revenue										
Net Service Revenue	883,673	651,919	4,826,295	8,979,967	785,539	33	797,790	16,925,215	16,921,574	3,641
Investment Income - unrestricted	247	0	364	10,979	115	417,303	0	429,010	302,218	126,792
Entrance Fee Amortization	394,575	105,515	317,818	117,727	0	0	0	935,635	1,029,418	(93,783)
Contributions	0	0	0	0	0	20,538	0	20,538	125,000	(104,462)
COVID Funding	0	0	60,864	74,220	0	0	0	135,084	100,811	34,273
Supplemental charges and misc revenue	208,071	23,490	325,947	198,287	18,199	0	0	773,994	663,607	110,387
	0	0	0	0	0	160,205	0	160,204	300,000	(139,796)
Total Operating Revenue	1,486,566	780,925	5,531,287	9,381,180	803,853	598,079	797,790	19,379,680	19,442,628	(62,948)
Operating Expenses										
Salaries and wages	289,728	132,803	2,749,456	4,229,410	359,374	288,163	599,143	8,648,078	8,282,748	(365,330)
Employee Benefits	38,283	29,125	481,797	763,244	65,313	50,086	113,667	1,541,515	1,645,153	103,639
Operating supplies & expenses	76,537	37,549	410,606	754,904	52,161	20,685	13,399	1,365,841	1,568,950	203,109
Professional Services & Consultant Fees	27,051	24,255	284,254	271,844	32,206	40,914	12,095	692,619	576,580	(116,040)
Repairs & maintenance	96,205	67,064	111,264	163,536	11,992	0	0	450,061	503,017	52,956
Utilities	110,684	35,869	257,261	242,629	23,473	0	0	669,916	617,138	(52,777)
Depreciation and Amortization	543,561	134,460	709,063	1,135,512	61,006	7,145	189	2,590,935	2,687,857	96,922
Interest	259,137	84,142	225,707	304,688	24,221	0	0	897,896	964,863	66,967
Real Estate Taxes	5,948	65,919	1,030	130,434	14,565	0	0	217,895	232,357	14,462
Quality assurance assessment	0	0	10,766	132,192	0	0	0	142,959	131,264	(11,695)
Other	34,938	7,117	151,417	83,693	13,433	57,310	83,275	431,183	381,339	(49,845)
Management Fees	234,307	121,068	964,257	1,363,533	115,674	101,601	117,278	3,017,719	3,017,723	5
Grant Expenses	19,238	0	879	9,849	0	56,703	0	86,669	66,557	(20,112)
Total Operating Expenses	1,735,617	739,371	6,357,757	9,585,469	773,418	622,608	939,046	20,753,286	20,675,546	(77,739)
Sub-total	(249,051)	41,554	(826,470)	(204,289)	30,435	(24,529)	(141,256)	(1,373,605)	(1,232,918)	(140,687)
Affiliation Acct Appraisal - FMV Depreciation	(71,678)	0	723,709	0	92,321	0	0	744,351	744,351	0
Total Operating Income	(177,373)	41,554	(1,550,179)	(204,289)	(61,886)	(24,529)	(141,256)	(2,117,956)	(1,977,269)	(140,687)
Non-Operating Income (Loss)										
Net unrealized gain / loss on investments	0	0	0	0	0	(843,276)	0	(843,277)	0	(843,277)
Change in fair value of interest rate swap agreements	0	(11,077)	0	2,085	0	0	0	(8,993)	0	(8,993)
Net gain on joint ventures	0	0	194,665	808,403	0	0	0	1,003,067	1,018,351	(15,284)
Non-Operating Income (Loss)	0	(11,077)	194,665	810,488	0	(843,276)	0	150,797	1,018,351	(867,554)
Net transfers (to) from affiliates	51,585	0	26,052	28,060	0	(170,370)	0	(64,673)	225	(64,898)
Net Income (loss)	(125,788)	30,477	(1,329,462)	634,259	(61,886)	(1,038,175)	(141,256)	(2,031,832)	(958,693)	(1,073,139)
Temporarily Restricted net Assets										
Restricted Contributions	0	0	0	0	0	285,548	0	285,548	900,000	(614,452)
Restricted investment income	0	0	0	0	0	(309,081)	0	(309,080)	0	(309,081)
Net assets released from restriction	0	0	0	0	0	(160,204)	0	(160,205)	(300,000)	139,796
Increase / (Decrease) in temporarily restricted net assets	0	0	0	0	0	(183,737)	0	(183,737)	600,000	(783,737)
Change in Net Assets	(125,788)	30,477	(1,329,462)	634,259	(61,886)	(1,221,912)	(141,256)	(2,215,569)	(358,693)	(1,856,876)

Brio Living Services, Inc
Obligated Group
Statement of Cash Flows
YTD as of September 30, 2023

Cash Flow from Operating Activities

Increase (decrease) in net assets:	(\$2,215,569)
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	3,335,286
Amortization of deferred life lease revenue	(935,635)
Realized and unrealized (gains)/loss on investments	723,347
Gain from investments in joint ventures	(1,003,067)
Provision for bad debts	96,375
Decrease (increase) in operating assets:	
Accounts receivable	752,993
Accounts receivable - affiliates	9,238
Pledges receivable	84,605
Prepaid expenses and other current assets	55,559
Increase (decrease) in operating liabilities:	
Accounts payable	(2,217,621)
Accrued and other liabilities	1,119,834
Interest rate swap	8,993
Net cash provided by operating activities*	<u>(\$185,662)</u>

Cash flow from investing activities

Additions to property and equipment	(1,970,167)
Net investment activity (purchase/sales)	(1,320,254)
Investment in related organizations	409,500
Net cash used in investing activities	<u>(\$2,880,921)</u>

Cash flows from financing activities

Proceeds from life lease obligations*	1,451,141
Refund of life lease obligations*	(798,830)
Principal payments on long term debt	(505,788)
Net cash provided by (used in) financing activities	<u>\$146,523</u>

Net increase (decrease) in cash and cash equivalents	(2,920,060)
Cash and Cash equivalents beginning of year	13,542,579
Cash and restricted cash - end of year	<u>\$10,622,519</u>

* A portion of the proceeds & refunds relates to operating activities

Brio Living Services Inc
Census Report - 2023-24 Fiscal Year

	Capacity	Jul-23	Aug-23	Sep-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Skilled Nursing								
Kresge	85							
Census		81	79	81	80.23	78		
Occupancy %		95.2%	93.0%	95.0%	94.4%	91.8%		
Budget Occupancy %		91.8%	91.8%	91.8%				
Resident Days		2,508	2,450	2,423	7,381	7,176		
Private Pay		512	548	447	1,507	920	20.42%	12.8%
Medicaid		1,051	965	1,033	3,049	3,312	41.31%	46.2%
Medicare		687	490	537	1,714	1,748	23.22%	24.4%
Medicare HMO		196	335	312	843	920	11.42%	12.8%
Commercial Ins		62	112	94	268	276	3.63%	3.8%
Village HRC	39							
Census		37	37	37	37.0	38		
Occupancy %		95.5%	95.2%	93.8%	94.9%	97.4%		
Budget Occupancy %		97.4%	97.4%	97.4%				
Resident Days		1,155	1,151	1,098	3,404	3,495		
Private Pay		435	332	284	1,051	1,653	30.9%	47.3%
Medicaid		720	819	814	2,353	1,842	69.1%	52.7%
Medicare					-	-	0.0%	0.0%
Commercial Ins					-	-	0.0%	0.0%
Green House	20							
Census		16	17	17.9	17	19		
Occupancy %		80.0%	85.0%	89.3%	84.7%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%				
Resident Days		496	527	536	1,559	1,748		
Private Pay		155	155	176	486	368	31.2%	21.1%
Medicaid		341	372	360	1,073	1,380	68.8%	78.9%
Medicare					-	-	0.0%	0.0%
Commercial Ins					-	-	0.0%	0.0%
Assisted Living								
Glazier Commons AL	84							
Census		61	65	63	63	62		
Occupancy %		72.1%	77.7%	75.4%	75.1%	73.8%		
Budget Occupancy %		73.8%	73.8%	73.8%				
Resident Days		1,878	2,023	1,900	5,801	5,704		
Village AL	67							
Census		55	56	57	56	61		
Occupancy %		82.8%	83.8%	84.8%	83.8%	91.0%		
Budget Occupancy %		91.0%	91.0%	91.0%				
Resident Days		1,719	1,740	1,704	5,163	5,609		
Meadowlark AL	20							
Census		19	20	19	19	20		
Occupancy %		96.1%	99.0%	92.8%	96.0%	97.6%		
Budget Occupancy %		97.6%	97.6%	97.5%				
Resident Days		596	614	557	1,767	1,795		
Memory Care								
Towsley Village MC	68							

	Capacity	Jul-23	Aug-23	Sep-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Census		67	67	66	66	64		
Occupancy %		97.9%	98.0%	97.2%	97.7%	94.1%		
Budget Occupancy %		94.1%	94.1%	94.1%				
Resident Days		2,064	2,065	1,982	6,111	5,888		
Village MC	34							
Census		27	29	30	29	32		
Occupancy %		79.8%	85.2%	88.8%	84.6%	94.0%		
Budget Occupancy %		94.0%	94.0%	94.0%				
Resident Days		841	898	906	2,645	2,940		
Meadowlark MC	10							
Census		10	9	10	9	10		
Occupancy %		98.7%	90.3%	95.3%	94.8%	95.1%		
Budget Occupancy %		95.2%	95.2%	95.0%				
Resident Days		306	280	286	872	875		
Independent Living								
Life Lease Move Ins								
Actual		1	3	2	6			
Budget		3	3	3	9			
Life Lease Move Outs								
Actual		2	1	4	7			
Budget		3	3	3	9			
CRC IL	172							
Census		155	155	156	155	162		
Occupancy %		89.9%	90.3%	90.7%	90.3%	94.2%		
Budget Occupancy %		94.2%	94.2%	94.2%				
Resident Days		4,796	4,815	4,681	14,292	14,904		
Village Center Rental	47							
Census		46	44	44	45	44		
Occupancy %		97.9%	94.6%	92.8%	95.1%	93.6%		
Budget Occupancy %		93.6%	93.6%	93.6%				
Resident Days		1,426	1,378	1,308	4,112	4,048		
Garden Apartments IL								
Census	103	98	98	98	98	98		
Occupancy %		94.7%	95.2%	95.3%	95.1%	95.1%		
Budget Occupancy %		95.1%	95.1%	95.1%				
Resident Days		3,023	3,039	2,946	9,008	9,016		
Village Town Homes IL								
Census	13	13	13	13	13	13		
Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%		
Budget Occupancy %		100.0%	100.0%	100.0%				
Resident Days		403	403	390	1,196	1,196		
Cedars of Dexter IL	60							
Census		57	57	57	57.0	58		
Occupancy %		95.0%	95.0%	95.0%	95.0%	95.0%		
Budget Occupancy %		96.7%	96.7%	96.7%				
Resident Days		1,767	1,767	1,710	5,244			
Cook Valley IL	134							
Census		128	127	126	127.0	130		
Occupancy %		95.2%	94.8%	94.4%	94.8%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%				

	Capacity	Jul-23	Aug-23	Sep-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Resident Days		3,956	3,937	3,794	11,687			
Meadowlark IL	26							
Census		25	26	26	26	24		
Occupancy %		97.9%	100.0%	100.0%	99.3%	92%		
Budget Occupancy %		92.3%	92.3%	92.3%				
Resident Days		789	806	780	2,375	2,208		
Home Health								
Episodes		127	135	154	262			
Budgeted Episodes		154	154	154		462		
Average \$ per Case		1,802	2,039		1,921	2,192		
PACE								
Life Circles Combined								
Total Participants		404	405	407	405	407		
Budget		402	405	407				
Huron Valley PACE								
Total Participants		286	287	293	289	294		
Budget		289	292	294				
Thome PACE								
Total Participants		210	212	217	213	210		
Budget		205	207	210				
Avenues								
Total Members		40	40	40	40	40		
Emmanuel Hospice								
# of Days		4,289	4,554	4,640	8,843	9,796		
Affordable Housing								
Bailey's Grove								
Census	43	41	41	40	41			
Occupancy %		95.3%	95.3%	93.0%	94.6%	96.5%		
Harvest Way								
Census	45	44	42	40	42			
Occupancy %		97.8%	93.3%	88.9%	93.3%	98.9%		
Oak Ridge								
Census	45	44	44	44	44			
Occupancy %		97.8%	97.8%	97.8%	97.8%	97.7%		
River Grove								
Census	46	43	42	44	43			
Occupancy %		93.5%	91.3%	95.7%	93.5%	98.0%		
Station Creek								
Census	49	49	49	49	49			
Occupancy %		100.0%	100.0%	100.0%	100.0%	97.6%		
Walker Meadow								
Census	42	39	41	39	40			
Occupancy %		92.9%	97.6%	92.9%	94.4%	97.4%		
Rivertown								
Census	80	72	62	68	67			
Occupancy %		90.0%	77.5%	85.0%	84.2%	81.0%		
Sylvan Pines								
Census	98	94	96	97	96			
Occupancy %		95.9%	98.0%	99.0%	97.6%	97.7%		

Brio Living Services, Inc. Obligated Group
Days Cash on Hand - Liquidity Covenant
Rolling 12 Months Ended September 30, 2023

Total Unrestricted Cash and Investments	
Cash and cash equivalents	10,622,518
Assets limited as to use	65,142,859
Deduct Restricted Cash & Investments	
Life lease escrow	(243,610)
Assets limited as to use under indenture	(7,697,503)
Investment with donor restrictions	(27,538,691)
	<hr/>
(A) Total Unrestricted Cash and Investments	40,285,573
	<hr/> <hr/>
Operating expenses, less certain noncash expenses	
Operating expenses	85,304,344
Deduct:	
Depreciation expense	(13,041,307)
Provision for bad debts	(938,661)
	<hr/>
(B) Operating expenses, less certain noncash expenses	71,324,376
	<hr/> <hr/>
Days Cash on Hand (A)/[(B)/365]	206
	<hr/> <hr/>
Required Days Cash on Hand	150
	<hr/> <hr/>

Brio Living Services, Inc. Obligated Group
Historical Debt Service Coverage Ratio
Rolling 12 Months Ended September 30, 2023

Total Funds Available for Debt Service

Increase (Decrease) in net assets without donor restrictions	4,278,855
Add (deduct):	
Depreciation expense	13,041,307
Interest expense	3,545,919
Amortization of entrance fees	(4,511,341)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	10,457,772
Refunds of nonrefundable and refundable entrance fees	(4,167,521)
Net unrealized (gain)/loss on investments	(1,670,336)
Net unrealized (gain)/loss on investment in joint ventures	(9,745,946)
Change in fair value of interest rate swap agreements	2,864
Loss on Disposal of Assets	223,795
Net transfers to affiliates	47,559
Distribution from joint ventures	1,638,000
Net assets released from restriction for capital purchases	<u>(1,429,572)</u>
(A) Income Available for Debt Services	<u><u>11,711,355</u></u>
(B) Debt Service Requirements	<u>6,250,375</u>
Historical Debt Service Coverage Ratio (A)/(B)	<u><u>1.87</u></u>
Required Historical Debt Service Coverage Ratio	<u><u>1.2</u></u>

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Chelsea Retirement Community						
Independent Living:						
Entrance Fee	\$36,663-\$356,787	\$37,762-\$443,745	\$39,650-\$465,932	\$40,840-\$489,229	\$71,349-\$518,583	\$74,135-\$560,070
Monthly Fee (incl Rentals)	\$1,971-\$5,399	\$2,040-\$5,570	\$2,110-\$5,764	\$2,173-\$5,937	\$2,257-\$6,352	\$1,889-\$6,712
Assisted Living (daily rate)	\$263-\$285	\$243-\$295	\$249-\$301	\$249-\$301	\$288-\$312	\$299-\$324
Memory Care (daily rate)	\$233-\$285	\$241-\$295	\$302	\$302	\$314	\$329
Skilled Nursing Facility (daily rate)	\$302-\$398	\$302-\$411	\$356-\$423	\$433	\$449	\$471
Porter Hills Village						
Independent Living:						
Entrance Fee	\$160,959+	\$169,007+	\$177,458+	\$186,331+	\$200,306+	\$220,307-\$616,272
Monthly Fee (incl Rentals)	\$1,025-\$1,800	\$1,061-\$1,863	\$1,114-\$1,956	\$1,720-\$3,051	\$2,760-\$3,350	\$2,992-\$3,373
Assisted Living (daily rate)	\$150-\$210	\$153-\$204	\$159-\$207	\$162-\$212	\$170-\$316	\$176-\$393
Memory Care (daily rate)	\$200-\$224	\$222-\$227	\$222-\$227	\$226-\$316	\$237-\$332	\$246-\$344
Skilled Nursing Facility (daily rate)	\$308-\$466	\$311-\$473	\$324-\$490	\$332-\$515	\$342-\$530	\$424-\$555
Cedars of Dexter						
Independent Living:						
Entrance Fee	\$166,504-\$483,103	\$171,499-\$497,596	\$180,073-\$522,475	\$185,475-\$538,149	\$194,749-\$565,065	\$204,486-\$593,309
Monthly Fee	\$2,765-\$3,482	\$2,847-\$3,622	\$2,932-\$3,729	\$3,020-\$3,841	\$3,231-\$4,400	\$3,418-\$4,649
Cook Valley Estates						
Independent Living:						
Entrance Fee	\$242,348+	\$254,465+	\$267,189+	\$275,205+	\$283,461+	\$469,471-\$1,270,768
Monthly Fee	\$912-\$1,999	\$958-\$2,069	\$1,006-\$3,098	\$2,200-\$3,522	\$2,840-\$3,747	\$3,003-\$3,539
Meadowlark Retirement Community						
Independent Living:						
Monthly Fee	\$2,050-\$2,950	\$2,100-\$3,000	\$2,168-\$3,098	\$2,244-\$3,206	\$2,401-\$3,431	\$2,545-\$3,637
Assisted Living (daily rate)	\$3,950-\$4,850	\$4,100-\$5,000	\$4,233-\$5,163	\$4,381-\$5,344	\$4,688-\$5,718	\$4,969-\$6,061
Memory Care (daily rate)	\$5,900	\$6,100	\$6,298	\$6,518	\$6,975	\$7,392

As of September 30, 2023, the Chelsea Retirement Community has a wait list of 39 prospective residents who have escrowed deposits with the Corporation for independent living life lease units. There are also approximately 119 residents on the waitlist for rental units.

As of September 30, 2023, the Cedars of Dexter has a wait list of 56 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of September 30, 2023, Porter Hills Village has a wait list of 71 prospective residents who have escrowed deposits with PHPV for independent living units.

As of September 30, 2023, Cook Valley Estates has a wait list 81 prospective residents who have escrowed refundable deposits for independent living units.

BLOOMFIELD 60870-13 2379159v1