

Brio Living Services, Inc. Obligated Group 2nd Quarter 2023 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 for the six months ended December 31, 2022.**

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.

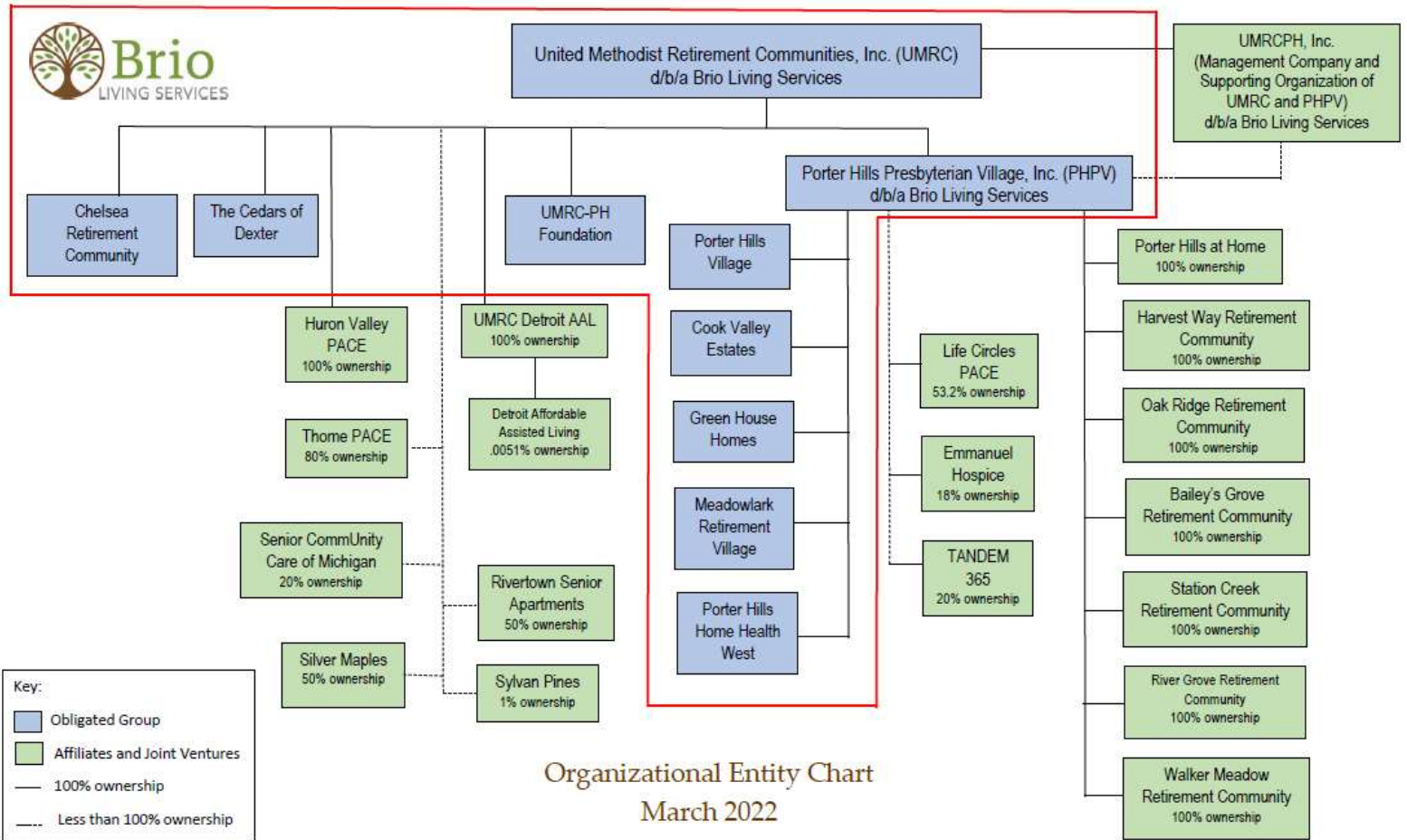
On March 1, 2019, United Methodist Retirement Communities, Inc. ("UMRC") entered into an Affiliation Agreement with Porter Hills Presbyterian Villages, Inc. ("Porter Hills") and its sole shareholder, Westminster Presbyterian Church. The Affiliation Agreement is an agreement providing for an affiliation 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

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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 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.

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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:

- 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 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.
- 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
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Census

	Fiscal Year Ended			Qtr Ending
	6/30/2020	6/30/2021	6/30/2022	12/31/2022
Independent Living				
Chelsea Retirement Community				
Available Units	174	172	172	172
Average Occupancy	165	156	157	162
Percentage Occupancy	94.8%	90.7%	91.3%	94.2%
Porter Hills Village				
Available Units	178	178	178	178
Average Occupancy	167	151	154.6	154
Percentage Occupancy	93.8%	84.8%	86.9%	86.5%
Cook Valley				
Available Units	134	134	134	134
Average Occupancy	125	122	127	129
Percentage Occupancy	93.3%	91.0%	94.6%	96.3%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	25	20	19	21
Percentage Occupancy	96.2%	76.9%	74.6%	80.8%
Assisted Living				
Glazier Commons				
Available Units	84	84	84	84
Average Occupancy	70	64	63	59
Percentage Occupancy	83%	76%	75%	70%
Porter Hills Village				
Available Units	68	68	67	67
Average Occupancy	58	56	58	60
Percentage Occupancy	85.2%	82.4%	86.1%	89.6%
Meadowlark				
Available Units	20	20	20	20
Average Occupancy	20	18	19	19
Percentage Occupancy	98.8%	90.0%	95.0%	95.0%
Memory Care				
Towsley Village				
Available Units	68	68	68	68
Average Occupancy	60	51	64	64
Percentage Occupancy	88%	75%	94%	94%
Porter Hills Village				
Available Units	32	32	34	34
Average Occupancy	28	31	31.2	31
Percentage Occupancy	86.5%	97%	92%	91%
Meadowlark				
Available Units	10	10	10	10
Average Occupancy	10	9	9.6	10
Percentage Occupancy	99.1%	90.0%	96.0%	100.0%
Skilled Nursing				
Kresge				
Available Units	82	85	85	85
Average Occupancy	63	68	74.02	78.23
Percentage Occupancy	77%	80%	87%	92%
Village HRC				
Available Units	101	101	101	61
Average Occupancy	87	75	75	44
Percentage Occupancy	85.7%	74.3%	74.3%	72.1%
Total				
Available Units	977	978	979	939
Percentage Occupancy	89.7%	83.9%	87.0%	88.5%
Home Care				
Episodes	1,935	1,829	1,731	738

Brio Living Services, Inc. Obligated Group
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Kresge Skilled Nursing Facility Payor Mix				
	<u>Fiscal Year Ended</u>			<u>Qtr Ended</u>
	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>12/31/2022</u>
Medicare & Medicare Advantage	37%	34%	35%	38%
Medicaid	45%	46%	48%	44%
Private & Other	18%	20%	17%	18%

Porter Hills Village Skilled Nursing Payor Mix				
	<u>Fiscal Year Ended</u>			<u>Qtr Ended</u>
	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>12/31/2022</u>
Medicare/Medicare Advantage	13%	7%	5%	0.5%
Medicaid	62%	58%	62%	69%
Private & Other	25%	35%	33%	30.5%

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.

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

Brio Living Services, Inc. Obligated Group
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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.

Summary Statement of Activities	Fiscal Year-end			Fiscal Year to Date 12/31/22		
	6/30/2020	6/30/2021	6/30/2022	Actual	Budget	Variance
Net Service Revenue	60,488,411	58,005,767	61,767,504	32,614,677	33,999,359	(1,384,682)
Net investment income	334,736	3,301,817	4,512,036	1,319,102	416,000	903,102
Contributions	595,488	1,464,228	5,867,539	324,068	250,000	74,068
Other	11,866,660	17,422,737	10,926,448	4,585,753	4,180,287	405,466
Total Operating Revenue	73,285,295	80,194,549	83,073,527	38,843,600	38,845,646	(2,046)
Operating Expenses	65,379,098	64,979,722	68,297,171	32,287,975	33,796,169	1,508,194
Interest Expense	3,806,762	3,587,450	3,807,995	1,811,984	1,892,533	80,549
Depreciation	12,287,131	13,410,485	13,576,784	6,974,009	6,967,842	(6,167)
Total Operating Expenses	81,472,991	81,977,657	85,681,950	41,073,968	42,656,544	1,582,576
Sub-Total	(8,187,696)	(1,783,108)	(2,608,423)	(2,230,368)	(3,810,898)	1,580,530
Affiliation Acctg Appraisal - FMV Depreciation				1,488,702	1,488,702	-
Operating Income (Loss)	(8,187,696)	(1,783,108)	(2,608,423)	(3,719,070)	(5,299,600)	1,580,530
Change in fair value of interest rate swap	(1,286,460)	345,653	351,751	116,373	-	116,373
Gain (loss) from investment in joint ventures	3,700,235	8,960,431	4,585,387	3,694,387	2,137,088	1,557,299
Net assets released from restriction for capital	2,032,568	1,000,133	408,200	-	-	-
Other	(894,978)	3,562,927	(8,424,319)	(1,022,558)	(70)	(1,022,488)
Total Other Changes to Net Assets Without Donor Restrictions	3,551,365	13,869,144	(3,078,981)	2,788,202	2,137,018	651,184
Increase (Decrease) in Net Assets Without Donor Restrictions	(4,636,331)	12,086,036)	(5,687,404)	(930,868)	(3,162,582)	2,231,714

YTD Operating Income \$1.6 million favorable to budget:

- Total operating revenue essentially on budget
- Net service revenue was \$1.4 million negative to budget primarily related to lower Home Health activity along with census and payor mix changes in Skilled Nursing
- Investment income ahead of budget \$900 thousand from realized gains
- Other revenue was \$500 thousand positive to budget, including COVID-19 related revenue
- Operating Expenses were favorable to budget by \$1.6 million
 - Salaries & Wages were \$1.6 million of this positive variance due to open positions
 - Increased agency expenses, driven by the staffing shortage, offset approximately \$580 thousand of the savings in Salaries & Wages
 - Certain other expenses favorable to budget as shown in the attached reporting package.

Brio Living Services, Inc. Obligated Group

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Non-Operating (Unrestricted) Results

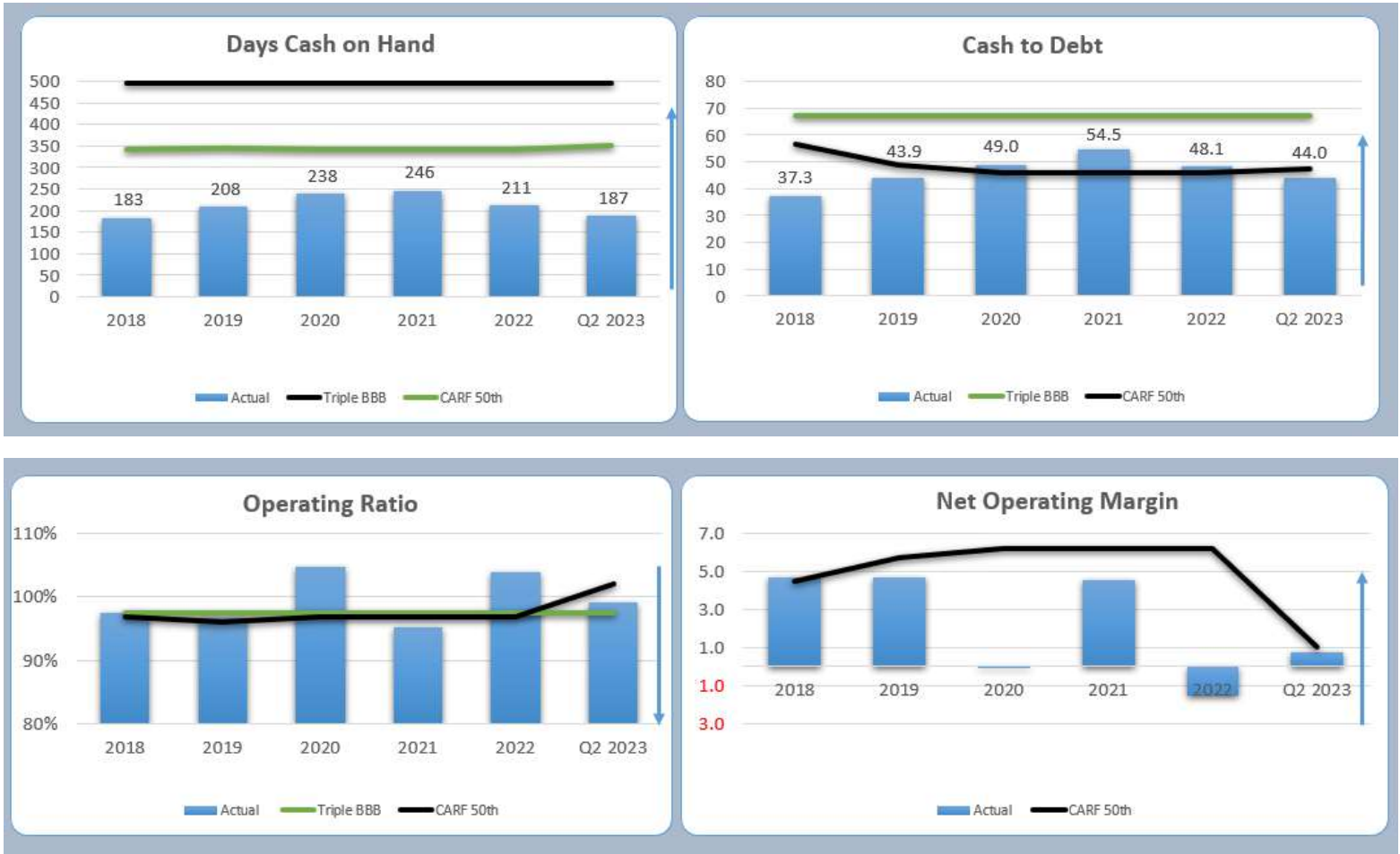
Non-operating activity was \$657 thousand favorable to budget, due primarily to gains on joint ventures.

Restricted Results

Restricted activity was approximately \$2.2 million better than budget from contributions.

Financial Position

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



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*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. COVID-19 continues to put pressure on census thereby impacting Net Operating Margin.
- Days Cash on Hand ratio has declined due to unrealized losses on the investment portfolio, but is still well above the Covenant requirement of 150.
- Debt service coverage ratio continues to exceed the master trust indenture of 1.2

Questions are welcome and can be directed to:

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

Attached are interim financial statements as of, and for the period ending, December 31, 2022.

Capital Financing Arrangements in Place as of June 30, 2022

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 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 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

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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 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 Brio OG. The balance in this line of credit is \$2.6M as of June 30, 2022.
- 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 \$4.4M as of June 30, 2022.
- 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 Combined Obligated Group
Balance Sheet
As of December 31, 2022

	Porter Hills Village	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark	HomeCare	UMRCPH Foundation	Inter-Co Eliminations	December 31, 2022	Audited June 30, 2022
ASSETS										
Current Assets										
Cash and cash equivalents	(221,604)	6,555,137	(28,693)	(25,392)	(8,695)	(3,148)	1,917,292		8,184,896	6,226,561
Resident accounts receivable - net	624,497	2,664,332	106,532	2,055	8,159	508,868	-		3,914,443	4,041,739
Accounts receivable (payable) - Affiliates	6,273,142	-	(64,750)	3,296,642	(2,083,113)	-	-	(5,684,898)	1,737,022	825,782
Prepaid expenses and other assets	131,648	481,326	25,337	217,452	33,242	19,322	35,340		943,668	1,233,930
Total Current Assets	6,807,683	9,700,795	38,426	3,490,757	(2,050,407)	525,043	1,952,632	(5,684,898)	14,780,030	12,328,012
Assets limited as to use										
Property and equipment, net	1,916,474	2,518,102	2,138,389	102,165	201,696	-	52,169,557		59,046,382	64,147,643
Investment in joint ventures and notes receivable from affiliates	53,789,142	65,653,249	26,400,652	14,091,345	6,142,855	30,906	709,800		166,817,948	170,414,019
	12,028,864	35,339,297	-	-	-	-	-	(665,304)	46,702,857	43,456,762
	67,734,480	103,510,647	28,539,041	14,193,511	6,344,550	30,906	52,879,357	(665,304)	272,567,187	278,018,424
Total Assets	74,542,163	113,211,442	28,577,467	17,684,267	4,294,143	555,949	54,831,988	(6,350,202)	287,347,217	290,346,436
LIABILITIES										
Current Liabilities										
Accounts payable	432,859	113,766	287,756	5,613	6,072	1,230	17,366		864,663	1,783,185
Accounts payable - affiliates	-	(2,459,120)	-	-	-	6,805,002	1,339,016	(5,684,898)	-	-
Current portion of long-term debt	392,788	895,000	331,183	373,177	46,030	-	-		2,038,177	2,518,177
Accrued liabilities and other	894,536	1,512,488	252,899	45,669	127,341	193,834	93,381		3,120,147	3,759,231
Total Current Liabilities	1,720,183	62,134	871,838	424,458	179,444	7,000,066	1,449,763	(5,684,898)	6,022,987	8,060,593
Long-term debt - net of current portion										
Other long-term liabilities	23,521,400	26,288,831	25,995,717	8,483,076	2,399,789	-	-	(1,028,367)	85,660,447	86,381,123
Deferred revenue from entrance fees	0	-	-	-	-	-	-		0	139,986
Refundable entrance fees	7,736,273	3,590,359	11,170,261	4,039,496	-	-	-		26,536,388	22,677,125
Fair value of interest rate swap	11,991,525	10,328,490	18,490,325	7,800,842	-	-	-		48,611,182	53,191,474
	-	(39,457)	-	(109,883)	-	-	-		(149,340)	(32,967)
Total Liabilities	44,969,381	40,230,357	56,528,141	20,637,989	2,579,233	7,000,066	1,449,763	(6,713,265)	166,681,665	170,417,334
NET ASSETS										
Unrestricted	30,981,710	70,869,705	(27,513,372)	(3,087,048)	1,992,701	(5,960,145)	31,013,646	363,063	98,660,261	97,973,947
Current Year Unrestricted Earnings	(1,408,928)	2,036,832	(437,303)	133,326	(277,791)	(483,972)	(493,033)	-	(930,869)	-
Current Year Earnings - Restricted	-	-	-	-	-	-	1,667,325	-	1,667,325	-
Restricted	-	74,548	-	-	-	-	21,194,287	-	21,268,835	21,955,155
Total Net Assets	29,572,782	72,981,084	(27,950,675)	(2,953,722)	1,714,910	(6,444,117)	53,382,225	363,063	120,665,552	119,929,102
Total Liabilities and Net Assets	74,542,163	113,211,442	28,577,467	17,684,267	4,294,143	555,949	54,831,988	(6,350,202)	287,347,217	290,346,436

Brio Living Services Combined Obligated Group
Combining Statement of Activities
For the Six Months Ended December 31, 2022

	Porter Hills Village	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark	Home Care	UMRCPH Foundation	Eliminations	Total	Budget	Variance
Operating Revenue											
Net Service Revenue	9,828,306	17,162,509	1,552,364	1,269,503	1,295,002	1,506,993	-	-	32,614,677	33,999,359	(1,384,682)
Investment Income - unrestricted	-	(165,224)	807	-	798	-	1,482,721	-	1,319,102	416,000	903,102
Life Lease Amortization	677,303	269,573	858,682	213,978	-	-	-	-	2,019,536	1,970,966	48,570
Contributions - unrestricted	-	-	-	-	-	-	324,068	-	324,068	250,000	74,068
Covid Funding	157,609	285,971	-	-	12,779	-	-	-	456,358	147,079	309,279
Supplemental charges and misc revenue	957,924	171,051	391,825	53,799	102,098	21,869	-	(246,218)	1,452,349	1,248,242	204,106
Net Assets released from restrictions used in operations	-	-	-	-	-	-	657,510	-	657,510	814,000	(156,490)
Total Operating Revenue	11,621,142	17,723,878	2,803,679	1,537,280	1,410,677	1,528,862	2,464,299	(246,218)	38,843,599	38,845,647	(2,048)
Operating Expenses											
Salaries and Wages	5,639,803	7,549,929	530,917	268,100	699,572	1,269,901	530,522	-	16,488,745	18,071,574	1,582,830
Employee Benefits	1,178,695	1,641,583	84,538	65,742	171,038	328,886	128,065	-	3,598,546	3,531,786	(66,759)
Operating Supplies & Expenses	766,930	1,327,833	173,408	79,203	106,323	21,108	33,272	-	2,508,077	2,530,128	22,051
Professional Services & Consultant Fees	588,194	849,640	22,098	-	12,593	10,160	28,143	-	1,510,829	933,833	(576,996)
Repairs & Maintenance	194,282	320,347	166,957	187,597	36,271	6,313	-	(246,218)	665,547	703,286	37,739
Utilities	448,071	478,444	203,295	68,620	44,104	-	-	-	1,242,533	1,141,678	(100,855)
Depreciation and Amortization	1,627,767	2,303,488	1,091,923	288,615	158,654	378	14,482	-	5,485,307	5,479,140	(6,167)
Interest	489,373	601,471	546,792	122,952	51,396	-	-	-	1,811,984	1,892,533	80,549
Real Estate Taxes	76,533	413,000	99,270	157,133	29,130	-	-	-	775,067	840,331	65,264
Quality Assurance Assessment	291,799	209,106	-	-	-	-	-	-	500,905	540,107	39,202
Other	154,765	358,112	69,980	19,462	20,372	2,429	200,923	-	826,043	979,937	153,894
Management Fees	1,613,291	2,445,509	403,997	225,727	191,251	377,191	185,017	-	5,441,983	5,817,388	375,405
Grant Expenses	-	67,712	-	-	-	-	150,690	-	218,403	194,822	(23,581)
Total Operating Expenses	13,069,503	18,566,175	3,393,174	1,483,149	1,520,704	2,016,366	1,271,115	(246,218)	41,073,968	42,656,544	1,582,577
Sub-Total	(1,448,361)	(842,296)	(589,496)	54,131	(110,026)	(487,505)	1,193,183	-	(2,230,369)	(3,810,898)	1,580,529
Affiliation Acctg Appraisal - FMV Depreciation	1,447,417	-	(143,357)	-	184,642	-	-	-	1,488,702	1,488,702	(0)
Operating Loss	(2,895,778)	(842,296)	(446,139)	54,131	(294,668)	(487,505)	1,193,183	-	(3,719,071)	(5,299,600)	1,580,528
Non-Operating Income (Loss)											
Net unrealized gain / loss on investments	-	134,277	-	-	-	-	(1,150,884)	-	(1,016,607)	-	(1,016,607)
Change in fair value of interest rate swap agreements	-	37,178	-	79,194	-	-	-	-	116,373	-	116,373
Net gain on joint ventures	1,441,447	2,252,941	-	-	-	-	-	-	3,694,387	2,137,088	1,557,299
Total Non-Operating Income	1,441,447	2,424,396	-	79,194	-	-	(1,150,884)	-	2,794,153	2,137,088	657,065
Sub-total	(1,454,332)	1,582,100	(446,139)	133,326	(294,668)	(487,505)	42,299	-	(924,918)	(3,162,512)	2,237,593
Net transfers (to) from affiliates	45,404	454,732	8,836	-	16,877	3,533	(535,332)	-	(5,951)	(70)	(5,881)
Net Loss	(1,408,928)	2,036,832	(437,303)	133,326	(277,791)	(483,972)	(493,033)	-	(930,869)	(3,162,582)	2,231,713
Temporarily Restricted Net Assets											
Restricted contributions	-	-	-	-	-	-	2,232,635	-	2,232,635	0	2,232,635
Restricted investment income	-	-	-	-	-	-	108,347	-	108,347	234,000	(125,653)
Change in present value of pledges receivable	-	-	-	-	-	-	-	-	0	6,000	(6,000)
Change in interest and present value of charitable remainder trusts	-	-	-	-	-	-	(16,147)	-	(16,147)	5,000	(21,147)
Net assets released from restriction	-	-	-	-	-	-	(657,510)	-	(657,510)	(814,000)	156,490
Increase / (Decrease) in temporarily restricted net assets	-	-	-	-	-	-	1,667,325	-	1,667,325	(569,000)	2,236,325
Change in Net Assets	(1,408,928)	2,036,832	(437,303)	133,326	(277,791)	(483,972)	1,174,292	-	736,456	(3,731,582)	4,468,038

Brio Living Services, Inc
Obligated Group
Statement of Cash Flows
Year to Date as of December 31, 2022

Cash Flow from Operating Activities

Increase (decrease) in net assets:	\$736,456
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	6,974,009
Amortization of deferred life lease revenue	(2,019,536)
Realized and unrealized (gains)/loss on investments	(410,842)
Gain from investments in joint ventures	(3,694,387)
Provision for bad debts	31,799
Decrease (increase) in operating assets:	
Accounts receivable	127,296
Accounts receivable - affiliates	(911,240)
Pledges receivable	387,878
Prepaid expenses and other current assets	261,262
Increase (decrease) in operating liabilities:	
Accounts payable	(918,522)
Accrued and other liabilities	(639,084)
Interest rate swap	(116,373)
Net cash provided by operating activities*	<u>(\$191,283)</u>

Cash flow from investing activities

Additions to property and equipment	(3,430,987)
Net investment activity (purchase/sales)	1,331,926
Investment in related organizations	819,000
Net cash used in investing activities	<u>(\$1,280,062)</u>

Cash flows from financing activities

Proceeds from life lease obligations*	5,560,299
Refund of life lease obligations*	(3,488,117)
Principal payments on long term debt	(1,200,676)
Net cash provided by (used in) financing activities	<u>\$871,506</u>

Net increase (decrease) in cash and cash equivalents	(599,838)
Cash and Cash equivalents beginning of year	8,768,587
 Cash and restricted cash - end of year	 <u><u>\$8,168,749</u></u>

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

Brio Living Services Inc
Census Report - 2022-23 Fiscal Year

		Capacity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	FYTD	Budget	Payer Mix	Payer Mix Budget
Skilled Nursing												
Kresge	Chelsea, MI	85										
	Census		80	79	77	75	81	78	78.23	77		
	Occupancy %		93.6%	92.5%	91.0%	88.0%	95.5%	91.7%	92.0%	90.6%		
	Budget Occupancy %		90.6%	90.6%	90.6%	90.6%	90.6%	90.6%				
	Resident Days		2,467	2,438	2,321	2,318	2,434	2,417	14,395	14,168		
	Private Pay		455	370	235	317	260	377	2,014	1,840	13.99%	13.0%
	Medicaid		942	1,094	1,111	1,039	1,103	1,055	6,344	7,176	44.07%	50.6%
	Medicare		722	590	648	487	597	601	3,645	3,128	25.32%	22.1%
	Medicare HMO		239	292	275	386	282	295	1,769	1,656	12.29%	11.7%
	Commercial Ins		109	92	52	89	192	89	623	368	4.33%	2.6%
Village HRC	Grand Rapids, MI	61 / 39										
	Census		53	49	43	40	39	39	44	53		
	Occupancy %		86.7%	79.5%	70.0%	66.0%	63.9%	63.2%	71.6%	86.1%		
	Budget Occupancy %		100.0%	96.7%	93.4%	88.5%	77.0%	60.7%				
	Resident Days		1,639	1,504	1,281	1,249	1,170	1,195	8,038	9,661		
	Private Pay		482	410	447	468	425	389	2,621	3,189	32.6%	33.0%
	Medicaid		994	950	802	781	745	806	5,078	4,816	63.2%	49.8%
	Medicare		35	28	-	-	-	-	63	1,656	0.8%	17.1%
	Commercial Ins		128	116	32	-	-	-	276	-	3.4%	0.0%
Green House	Grand Rapids, MI	20										
	Census		17	18.5	19.4	20	20	20	19.0	19		
	Occupancy %		83.7%	92.7%	97.2%	98.9%	97.7%	100.0%	95.0%	95.0%		
	Budget Occupancy %		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%				
	Resident Days		519	575	583	613	586	620	3,496	3,496		
	Private Pay		103	124	103	89	76	93	588	1,472	16.8%	42.1%
	Medicaid		416	451	480	524	510	527	2,908	2,024	83.2%	57.9%
	Medicare		-	-	-	-	-	-	-	-	0.0%	0.0%
	Commercial Ins		-	-	-	-	-	-	-	-	0.0%	0.0%

Brio Living Services Inc
 Census Report - 2022-23 Fiscal Year

			Capacity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	FYTD	Budget	Payer Mix	Payer Mix Budget
Assisted Living													
Glazier Commons AL	Chelsea, MI		84										
	Census			63	64	60	56	57	56	59	64		
	Occupancy %			75.2%	76.7%	71.6%	66.6%	67.3%	66.3%	70.6%	76.2%		
	Budget Occupancy %			76.2%	76.2%	76.2%	76.2%	76.2%	76.2%				
	Resident Days			1,958	1,996	1,804	1,735	1,696	1,726	10,915	11,776		
Village AL	Grand Rapids, MI		67										
	Census			61	60	60	57	61	63	60	57		
	Occupancy %			91.1%	88.9%	89.4%	84.5%	91.3%	93.7%	89.8%	85.6%		
	Budget Occupancy %			85.6%	85.6%	85.6%	85.6%	85.6%	85.6%				
	Resident Days			1,892	1,846	1,796	1,756	1,835	1,946	11,071	10,549		
Meadowlark AL	Sparta, MI		20										
	Census			18	18	18	20	20	19	19	19		
	Occupancy %			89.4%	89.7%	92.3%	97.9%	98.5%	96.6%	94.0%	95.0%		
	Budget Occupancy %			95.0%	95.0%	95.0%	95.0%	95.0%	95.0%				
	Resident Days			554	556	554	607	591	599	3,461	3,496		
Memory Care													
Towsley Village MC	Chelsea, MI		68										
	Census			67	65	66	65	62	61	64.41	63		
	Occupancy %			97.9%	95.0%	97.4%	96.2%	91.7%	90.2%	94.7%	92.6%		
	Budget Occupancy %			92.6%	92.6%	92.6%	92.6%	92.6%	92.6%				
	Resident Days			2,063	2,002	1,986	2,028	1,871	1,901	11,851	11,592		
Village MC	Grand Rapids, MI		34										
	Census			32	31	30	31	31	31	31	32		
	Occupancy %			93.2%	92.1%	88.8%	89.9%	90.0%	91.9%	91.0%	93.7%		
	Budget Occupancy %			93.7%	93.7%	93.7%	93.7%	93.7%	93.7%				
	Resident Days			982	971	906	948	918	969	5,694	5,864		
Meadowlark MC	Sparta, MI		10										
	Census			9	10	10	10	10	10	10	9		
	Occupancy %			85.2%	100.0%	99.7%	95.8%	96.3%	100.0%	96.1%	90.0%		
	Budget Occupancy %			90.0%	90.0%	90.0%	90.0%	90.0%	90.0%				
	Resident Days			264	310	299	297	289	310	1,769	1,656		

Brio Living Services Inc
 Census Report - 2022-23 Fiscal Year

		Capacity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	FYTD	Budget	Payer Mix	Payer Mix Budget
Independent Living												
Life Lease Turns												
Actual			2	5	2	2	6	1	18			
Budget			3	3	4	4	2	2	18			
Life Lease Refunds												
Actual			2	1	1	5	8	6	23			
Budget			3	3	4	4	2	2	18			
CRC IL	Chelsea, MI	172										
Census			161	162	163	164	163	162	162	160		
Occupancy %			93.4%	93.9%	94.9%	95.2%	94.8%	94.3%	94.4%	93.0%		
Budget Occupancy %			93.0%	93.0%	93.0%	93.0%	93.0%	93.0%				
Resident Days			4,982	5,007	4,896	5,078	4,894	5,028	29,885	29,440		
Village Center Rental	Grand Rapids, MI	53										
Census			41	41	42	43	41	44	42	44		
Occupancy %			78.1%	77.2%	79.2%	81.4%	77.7%	83.5%	79.5%	83.0%		
Budget Occupancy %			83.0%	83.0%	83.0%	83.0%	83.0%	83.0%				
Resident Days			1,284	1,269	1,259	1,338	1,235	1,372	7,757	8,096		
Garden Apartments IL	Grand Rapids, MI											
Census		103	96	96	97	97	98	98	97	100		
Occupancy %			92.8%	93.6%	94.2%	94.3%	95.5%	95.2%	94.2%	97.1%		
Budget Occupancy %			97.1%	97.1%	97.1%	97.1%	97.1%	97.1%				
Resident Days			2,962	2,990	2,910	3,010	2,951	3,039	17,862	18,400		
Village Town Homes IL	Grand Rapids, MI											
Census		18	16	15	15	15	14	13	15	16		
Occupancy %			88.9%	83.3%	83.3%	83.2%	77.6%	72.2%	81.4%	88.9%		
Budget Occupancy %			88.9%	88.9%	88.9%	88.9%	88.9%	88.9%				
Resident Days			496	465	450	464	419	403	2,697	2,944		
Cedars of Dexter IL	Dexter, MI	60										
Census			58	59	60	59	59	59	59	58		
Occupancy %			97.0%	98.3%	100.0%	98.3%	98.3%	98.3%	98.4%	95.0%		
Budget Occupancy %			95.0%	95.0%	95.0%	95.0%	95.0%	95.0%				
Resident Days			1,805	1,829	1,800	1,829	1,770	1,829	10,862			
Cook Valley IL	Grand Rapids, MI	134										
Census			128	128	129	129	130	129	129	130		
Occupancy %			95.5%	95.6%	96.1%	96.3%	97.0%	96.3%	96.1%	97.0%		
Budget Occupancy %			97.0%	97.0%	97.0%	97.0%	97.0%	97.0%				
Resident Days			3,968	3,970	3,865	3,999	3,900	3,999	23,701			
Meadowlark IL	Sparta, MI	26										
Census			19	20	21	22	21	23	21	22		
Occupancy %			71.7%	77.7%	81.9%	85.4%	81.8%	89.2%	81.3%	85%		
Budget Occupancy %			84.6%	84.6%	84.6%	84.6%	84.6%	84.6%				
Resident Days			578	626	639	688	638	719	3,888	4,048		

Brio Living Services Inc
Census Report - 2022-23 Fiscal Year

		Capacity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	FYTD	Budget	Payer Mix	Payer Mix Budget
Home Health												
Episodes			126	111	121	144	122	114	738			
Budgeted Episodes			197	197	197	212	212	212		1,227		
Average \$ per Case			2,116	2,244	2,154	1,967	1,963	1,908	2,059	2,192		
PACE												
Life Circles Combined	Muskegon/Holland											
Total Participants			358	359	363	375	378	383	369	389		
Budget			364	369	374	379	384	389				
Huron Valley PACE	Ypsilanti, MI											
Total Participants			268	272	279	281	280	282	277	286		
Budget			266	270	274	278	282	286				
Thome PACE	Jackson, MI											
Total Participants			203	209	208	206	205	202	206	211		
Budget			198	200	203	206	208	211				
Avenues												
Total Members			42	42	42	41	41	41	42	42		
Emmanuel Hospice												
# of Days			4,854	4,877	4,552	4,351	4,314	5,004	27,952	30,901		
Affordable Housing												
Bailey's Grove	Grand Rapids, MI	43										
Census			39	35	38	41	42	41	39			
Occupancy %			90.7%	81.4%	88.4%	95.3%	97.7%	95.3%	91.5%	96.5%		
Harvest Way	Grand Rapids, MI	45										
Census			45	45	45	45	45	45	45			
Occupancy %			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.9%		
Oak Ridge	Grand Rapids, MI	45										
Census			45	45	45	43	43	43	44			
Occupancy %			100.0%	100.0%	100.0%	95.6%	95.6%	95.6%	97.8%	97.7%		
River Grove	Grand Rapids, MI	46										
Census			45	46	46	46	46	44	46			
Occupancy %			97.8%	100.0%	100.0%	100.0%	100.0%	95.7%	98.9%	98.0%		
Station Creek	Grand Rapids, MI	49										
Census			45	49	49	47	47	47	47			
Occupancy %			91.8%	100.0%	100.0%	95.9%	95.9%	95.9%	96.6%	97.6%		
Walker Meadow	Grand Rapids, MI	42										
Census			39	40	41	40	40	40	40			
Occupancy %			92.9%	95.2%	97.6%	95.2%	95.2%	95.2%	95.2%	97.4%		
Rivertown	Detroit, MI	80										
Census			63	62	67	69	70	70	67			
Occupancy %			78.8%	77.5%	83.8%	86.3%	87.5%	87.5%	83.5%	98.0%		
Sylvan Pines	Chelsea, MI	98										
Census			97	98	97	96	98	97	97			
Occupancy %			99.0%	100.0%	99.0%	98.0%	100.0%	99.0%	99.1%	97.7%		

Brio Living Services, Inc. Obligated Group
Days Cash on Hand - Liquidity Covenant
Rolling 12 Months Ended December 31, 2022

Total Unrestricted Cash and Investments	
Cash and cash equivalents	8,184,896
Assets limited as to use	59,046,382
Deduct Restricted Cash & Investments	
Life lease escrow	(250,660)
Thome PACE financing agreement	-
Assets limited as to use under indenture	(6,716,162)
Investment with donor restrictions	(22,936,160)
	37,328,296
(A) Total Unrestricted Cash and Investments	37,328,296
 Operating expenses, less certain noncash expenses	
Operating expenses	86,818,961
Deduct:	
Depreciation expense	(13,732,721)
Provision for bad debts	(210,416)
	72,875,824
(B) Operating expenses, less certain noncash expenses	72,875,824
 Days Cash on Hand (A)/[(B)/365]	 187
 Required Days Cash on Hand	 150

Brio Living Services, Inc. Obligated Group
Historical Debt Service Coverage Ratio
Rolling 12 Months Ended December 31, 2022

Total Funds Available for Debt Service

Increase (Decrease) in net assets without donor restrictions	(10,160,451)
Add (deduct):	
Depreciation expense	13,732,721
Interest expense	3,659,445
Amortization of entrance fees	(4,391,839)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	13,513,644
Refunds of nonrefundable and refundable entrance fees	(6,472,717)
Net unrealized (gain)/loss on investments	6,818,048
Net unrealized (gain)/loss on investment in joint ventures	(1,912,410)
Change in fair value of interest rate swap agreements	(363,334)
Change in value of charitable gift annuities	13,237
Net transfers to affiliates	24,144
Net assets released from restriction for capital purchases	(408,200)

(A) Income Available for Debt Services 14,052,288

(B) Debt Service Requirements 6,245,997

Historical Debt Service Coverage Ratio (A)/(B) 2.25

Required Historical Debt Service Coverage Ratio 1.20

	2017	2018	2019	2020	2021	2022
Chelsea Retirement Community						
Independent Living:						
Entrance Fee	\$35,595-\$346,395	\$36,663-\$356,787	\$37,762-\$443,745	\$39,650-\$465,932	\$40,840-\$489,229	\$71,349-\$518,583
Monthly Fee (incl Rentals)	\$1,914-\$5,245	\$1,971-\$5,399	\$2,040-\$5,570	\$2,110-\$5,764	\$2,173-\$5,937	\$2,257-\$6,352
Assisted Living (daily rate)	\$256-\$277	\$263-\$285	\$243-\$295	\$249-\$301	\$249-\$301	\$288-\$312
Memory Care (daily rate)	\$227-\$277	\$233-\$285	\$241-\$295	\$302	\$302	\$314
Skilled Nursing Facility (daily rate)	\$294-\$389	\$302-\$398	\$302-\$411	\$356-\$423	\$433	\$449
Porter Hills Village						
Independent Living:						
Entrance Fee	\$157,033+	\$160,959+	\$169,007+	\$177,458+	\$186,331+	\$200,306+
Monthly Fee (incl Rentals)	\$1,000-\$1,800	\$1,025-\$1,800	\$1,061-\$1,863	\$1,114-\$1,956	\$1,720-\$3,051	\$2,760-\$3,350
Assisted Living (daily rate)	\$150-\$210	\$150-\$210	\$153-\$204	\$159-\$207	\$162-\$212	\$170-\$316
Memory Care (daily rate)	\$200-\$224	\$200-\$224	\$222-\$227	\$222-\$227	\$226-\$316	\$237-\$332
Skilled Nursing Facility (daily rate)	\$300-\$455	\$308-\$466	\$311-\$473	\$324-\$490	\$332-\$515	\$342-\$530
Cedars of Dexter						
Independent Living:						
Entrance Fee	\$161,654-\$469,03	\$166,504-\$483,103	\$171,499-\$497,596	\$180,073-\$522,475	\$185,475-\$538,149	\$194,749-\$565,065
Monthly Fee	\$2,672-\$3,371	\$2,765-\$3,482	\$2,847-\$3,622	\$2,932-\$3,729	\$3,020-\$3,841	\$3,231-\$4,400
Cook Valley Estates						
Independent Living:						
Entrance Fee	\$236,437+	\$242,348+	\$254,465+	\$267,189+	\$275,205+	\$283,461+
Monthly Fee	\$869-\$1,950	\$912-\$1,999	\$958-\$2,069	\$1,006-\$3,098	\$2,200-\$3,522	\$2,840-\$3,747
Meadowlark Retirement Community						
Independent Living:						
Monthly Fee	\$1,950-\$2,850	\$2,050-\$2,950	\$2,100-\$3,000	\$2,168-\$3,098	\$2,244-\$3,206	\$2,401-\$3,431
Assisted Living (daily rate)	\$3,800-\$4,700	\$3,950-\$4,850	\$4,100-\$5,000	\$4,233-\$5,163	\$4,381-\$5,344	\$4,688-\$5,718
Memory Care (daily rate)	\$5,700	\$5,900	\$6,100	\$6,298	\$6,518	\$6,975

As of December 31, 2022, the Chelsea Retirement Community has a wait list of 93 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of December 31, 2022, the Cedars of Dexter has a wait list of 59 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of December 31, 2022, Porter Hills Village has a wait list of 53 prospective residents who have escrowed deposits with PHPV for independent living units.

As of December 31, 2022, Cook Valley Estates has a wait list 67 prospective residents who have escrowed refundable deposits for independent living units.

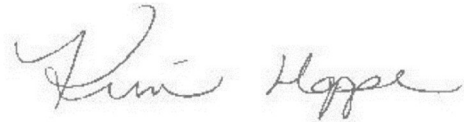
BLOOMFIELD 60870-13 2379159v1

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 December 31, 2022, 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 February 24, 2023.



By: _____

Print Name: Kim Hoppe

Title: CFO