

Brio Living Services, Inc. Obligated Group 3rd 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 nine months ended March 31, 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.

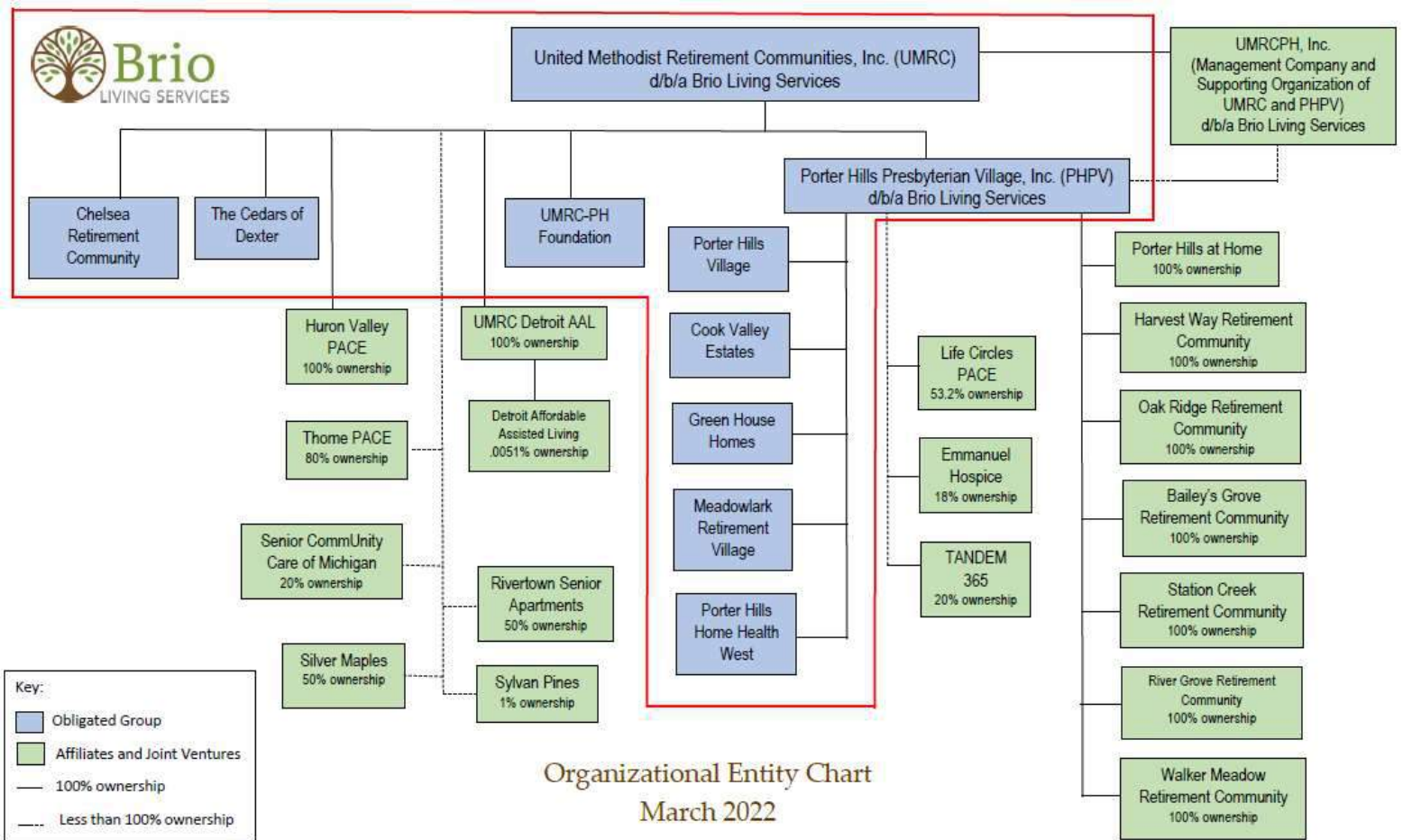
On March 1, 2019, United Methodist Retirement Communities, Inc. ("UMRC") entered into an Affiliation Agreement with Porter Hills Presbyterian Villages, Inc. ("Porter Hills") and its sole shareholder, Westminster Presbyterian Church. The Affiliation Agreement is an agreement providing for an affiliation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

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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.

Brio Living Services, Inc. Obligated Group
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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	3/31/2023
Independent Living				
Chelsea Retirement Community				
Available Units	174	172	172	172
Average Occupancy	165	156	157	161
Percentage Occupancy	94.8%	90.7%	91.3%	93.6%
Porter Hills Village				
Available Units	178	178	178	174
Average Occupancy	167	151	155	154
Percentage Occupancy	93.8%	84.8%	86.9%	88.5%
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	22
Percentage Occupancy	96.2%	76.9%	74.6%	84.6%
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	61
Percentage Occupancy	85.2%	82.4%	86.1%	91.0%
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	30
Percentage Occupancy	86.5%	97%	92%	88%
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	78
Percentage Occupancy	77%	80%	87%	92%
Village HRC				
Available Units	101	101	101	61/39
Average Occupancy	87	75	75	42
Percentage Occupancy	85.7%	74.3%	74.3%	77%
Total				
Available Units	977	978	979	924
Percentage Occupancy	89.7%	83.9%	87.0%	89.7%
Home Care				
Episodes	1,935	1,829	1,731	1,173

*HRC reduced available beds from 61 to 39 during the year. Average occupancy is 77%

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>3/31/2023</u>
Medicare & Medicare Advantage	37%	34%	35%	38%
Medicaid	45%	46%	48%	45%
Private & Other	18%	20%	17%	17%

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>3/31/2023</u>
Medicare/Medicare Advantage	13%	7%	5%	0.5%
Medicaid	62%	58%	62%	61.5%
Private & Other	25%	35%	33%	38.0%

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 03/31/2023		
	6/30/2020	6/30/2021	6/30/2022	Actual	Budget	Variance
Net Service Revenue	60,488,411	58,005,767	61,767,504	48,649,111	50,480,811	(1,831,700)
Net investment income	334,736	3,301,817	4,512,036	1,373,534	624,000	749,534
Contributions	595,488	1,464,228	5,867,539	367,351	375,000	(7,649)
Other	11,866,660	17,422,737	10,926,448	7,207,615	6,229,541	978,073
Total Operating Revenue	73,285,295	80,194,549	83,073,527	57,597,611	57,709,352	(111,741)
Operating Expenses	65,379,098	64,979,722	68,297,171	50,499,479	52,168,676	1,669,197
Interest Expense	3,806,762	3,587,450	3,807,995	2,724,383	2,826,252	101,869
Depreciation*	12,287,131	13,410,485	13,576,784	10,461,013	10,486,522	25,509
Total Operating Expenses	81,472,991	81,977,657	85,681,950	63,684,875	65,481,450	1,796,575
Operating Loss	(8,187,696)	(1,783,108)	(2,608,423)	(6,087,264)	(7,772,098)	1,684,834
Change in fair value of interest rate swap	(1,286,460)	345,653	351,751	83,174	-	83,174
Gain (loss) from investment in joint ventures	3,700,235	8,960,431	4,585,387	5,321,260	3,332,173	1,989,087
Net assets released from restriction for capital	2,032,568	1,000,133	408,200	1,243,200	-	1,243,200
Other	(894,978)	3,562,927	(8,424,319)	249,633	(104)	249,737
Total Other Changes to Net Assets Without Donor Restrictions	3,551,365	13,869,144	(3,078,981)	6,897,267	3,332,069	3,565,198
Increase (Decrease) in Net Assets Without Donor Restrictions	(4,636,331)	12,086,036	(5,687,404)	810,003	(4,440,029)	5,250,032

* 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 3/31/23 is \$2.2M**

YTD Operating Income \$1.7 million favorable to budget:

- Net service revenue was \$1.8 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 \$750 thousand from realized gains
- Other revenue was \$980 thousand positive to budget primarily related to property tax refunds from prior tax periods
- Operating Expenses were favorable to budget by \$1.7 million
 - Salaries & Wages were \$1.9 million of this positive variance due to open positions
 - Increased agency expenses, driven by the staffing shortage, offset approximately \$870 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 3rd Quarter 2023 Management Discussion of Financial Performance and Position

Non-Operating (Unrestricted) Results

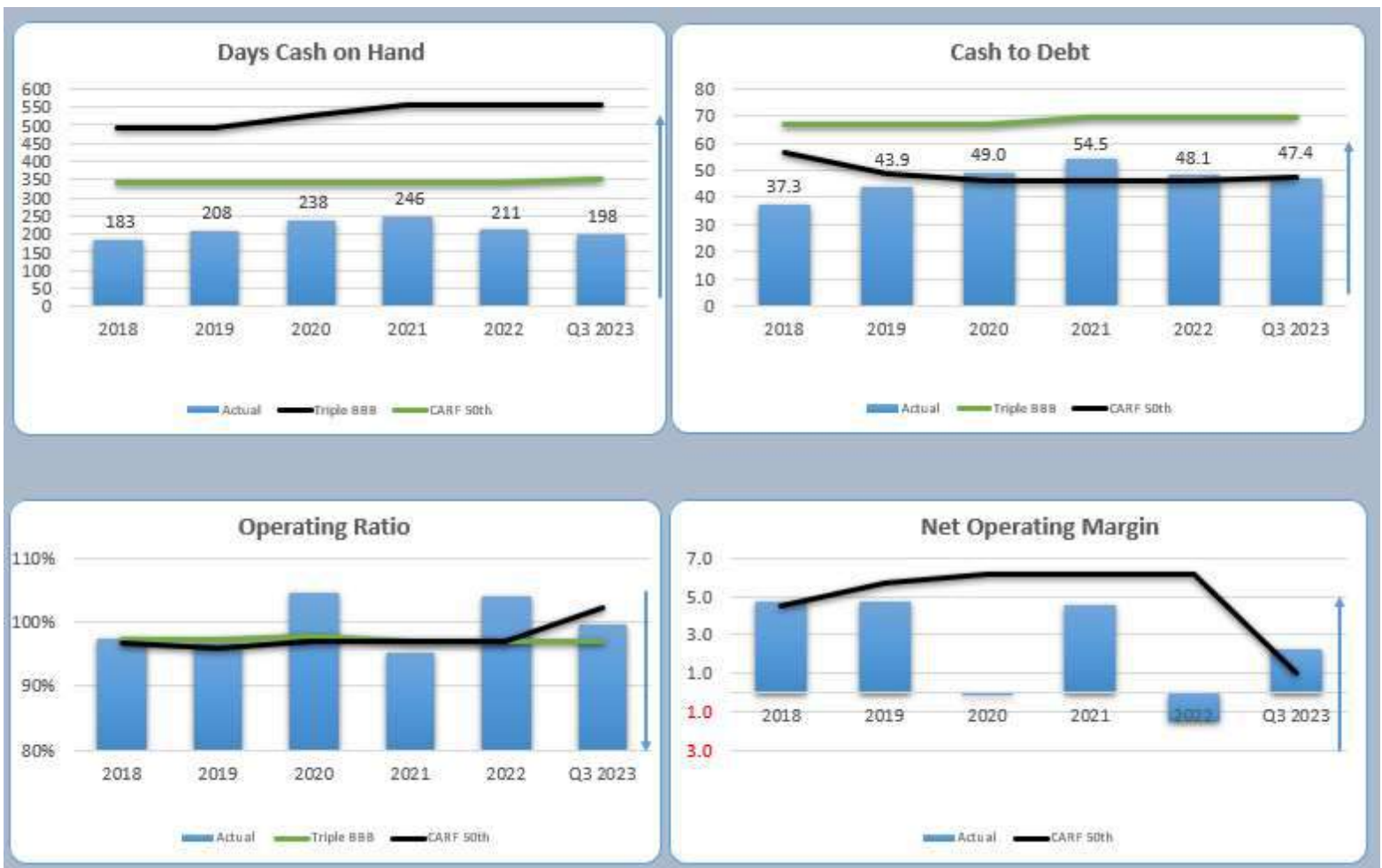
Non-operating activity was \$3.6 million favorable to budget, due primarily to gains on joint ventures and restricted net assets released for capital.

Restricted Results

Restricted activity was approximately \$2 million better than budget from contributions and investment income.

Financial Position

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



Brio Living Services, Inc. Obligated Group
3rd Quarter 2023 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. 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 ended March 31, 2023.

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 Living Services, Inc. Obligated Group
3rd Quarter 2023 Management Discussion of Financial Performance and Position

- 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 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 March 31, 2023

	Porter Hills Village	Chelsea Retirement Community	Cook Valley Estates	Cedars of Dexter	Meadowlark	HomeCare	UMRCPH Foundation	Inter-Co Eliminations	March 31, 2023	Audited June 30, 2022
ASSETS										
Current Assets										
Cash and cash equivalents	(131,969)	8,231,333	(35,614)	(12,890)	7,385	16,571	4,061,174		12,135,990	6,226,561
Resident accounts receivable - net	717,022	2,531,372	37,598	565	1,913	547,365	-		3,835,835	4,041,739
Accounts receivable (payable) - Affiliates	4,272,708	-	105,802	3,833,406	(2,041,848)	-	-	(4,902,529)	1,267,539	825,782
Prepaid expenses and other assets	116,728	403,733	23,993	141,656	15,242	19,202	23,335		743,890	1,233,930
Total Current Assets	4,974,490	11,166,437	131,780	3,962,737	(2,017,309)	583,138	4,084,509	(4,902,529)	17,983,253	12,328,012
Assets limited as to use										
Property and equipment, net	2,229,409	2,878,880	2,481,029	102,165	234,536	-	54,665,473		62,591,492	64,147,643
Investment in joint ventures and notes receivable from affiliates	54,581,575	64,826,336	26,080,746	13,982,642	5,986,197	30,717	702,559		166,190,772	170,414,019
	12,373,126	35,833,657	-	-	-	-	-	(665,304)	47,541,479	43,456,762
	69,184,111	103,538,873	28,561,775	14,084,808	6,220,732	30,717	55,368,032	(665,304)	276,323,743	278,018,424
Total Assets	74,158,601	114,705,311	28,693,555	18,047,545	4,203,423	613,855	59,452,540	(5,567,833)	294,306,997	290,346,436
LIABILITIES										
Current Liabilities										
Accounts payable	276,925	27,980	30,191	2,081	13,093	4,876	21,069		376,215	1,783,185
Accounts payable - affiliates	-	(2,934,346)	-	-	-	6,984,550	852,325	(4,902,529)	-	-
Current portion of long-term debt	624,846	895,000	548,998	373,177	76,156	-	-		2,518,177	2,518,177
Accrued liabilities and other	1,302,713	2,093,256	508,324	68,936	190,496	222,650	92,444		4,478,818	3,759,231
Total Current Liabilities	2,204,484	81,889	1,087,513	444,194	279,745	7,212,076	965,839	(4,902,529)	7,373,210	8,060,593
Long-term debt - net of current portion										
Other long-term liabilities	23,166,419	26,128,147	25,659,013	8,388,597	2,354,104	-	-	(1,028,367)	84,667,913	86,381,123
Deferred revenue from entrance fees	0	-	-	-	-	-	-		0	139,986
Refundable entrance fees	7,275,973	3,754,652	11,398,340	4,064,144	-	-	-		26,493,109	22,677,125
Fair value of interest rate swap	12,837,706	10,229,040	18,731,373	7,964,033	-	-	-		49,762,152	53,191,474
	-	(28,656)	-	(87,486)	-	-	-		(116,142)	(32,967)
Total Liabilities	45,484,582	40,165,072	56,876,239	20,773,481	2,633,849	7,212,076	965,839	(5,930,896)	168,180,242	170,417,334
NET ASSETS										
Unrestricted	30,981,710	70,869,705	(27,513,372)	(3,087,048)	1,992,701	(5,960,145)	30,327,326	363,063	97,973,941	97,973,947
Current Year Unrestricted Earnings	(2,307,691)	3,595,985	(669,312)	361,112	(423,127)	(638,076)	891,111	-	810,003	-
Current Year Earnings - Restricted	-	-	-	-	-	-	5,387,657	-	5,387,657	-
Restricted	-	74,548	-	-	-	-	21,880,607	-	21,955,155	21,955,155
Total Net Assets	28,674,019	74,540,238	(28,182,684)	(2,725,937)	1,569,574	(6,598,221)	58,486,702	363,063	126,126,755	119,929,102
Total Liabilities and Net Assets	74,158,601	114,705,311	28,693,555	18,047,545	4,203,423	613,855	59,452,540	(5,567,833)	294,306,997	290,346,436

Brio Living Services Combined Obligated Group
Combining Statement of Activities
For the Nine Months Ended March 31, 2023

	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	14,437,456	25,664,347	2,354,889	1,909,019	1,965,007	2,318,393	-	-	48,649,111	50,480,811	(1,831,700)
Investment Income - unrestricted	-	(162,139)	980	-	897	-	1,533,796	-	1,373,534	624,000	749,534
Life Lease Amortization	1,053,865	419,942	1,320,717	318,883	-	-	-	-	3,113,407	2,991,550	121,856
Contributions - unrestricted	-	-	-	-	-	-	367,351	-	367,351	375,000	(7,649)
Covid Funding	265,291	360,687	-	-	15,559	-	-	-	641,538	219,603	421,934
Supplemental charges and misc revenue	1,416,290	958,996	496,707	331,439	164,049	38,346	-	(380,860)	3,024,966	1,797,387	1,227,580
Net Assets released from restrictions used in operations	-	-	-	-	-	-	1,670,903	-	1,670,903	1,221,000	449,903
Total Operating Revenue	17,172,902	27,241,834	4,173,292	2,559,341	2,145,512	2,356,739	3,572,051	(380,860)	58,840,811	57,709,352	1,131,459
Operating Expenses											
Salaries and Wages	8,430,690	11,507,922	813,901	418,269	1,082,405	1,857,903	758,005	-	24,869,095	26,775,145	1,906,050
Employee Benefits	1,728,763	2,463,144	125,228	100,702	247,646	461,740	177,330	-	5,304,553	5,264,534	(40,019)
Operating Supplies & Expenses	1,094,694	1,986,796	256,545	112,715	157,711	34,044	51,109	-	3,693,615	3,709,287	15,672
Professional Services & Consultant Fees	874,448	1,216,900	19,399	59,408	25,028	20,792	76,064	-	2,292,039	1,420,724	(871,315)
Repairs & Maintenance	239,033	528,551	243,531	257,879	49,629	9,843	-	(380,860)	947,606	926,590	(21,016)
Utilities	671,792	738,926	371,132	96,341	72,517	-	-	-	1,950,707	1,755,010	(195,697)
Depreciation and Amortization	2,441,651	3,455,231	1,637,884	432,922	237,981	567	21,724	-	8,227,959	8,253,468	25,508
Interest	737,730	894,905	814,867	199,098	77,784	-	-	-	2,724,383	2,826,252	101,869
Real Estate Taxes	80,152	609,150	102,862	231,068	43,725	-	-	-	1,066,958	1,188,569	121,611
Quality Assurance Assessment	302,566	368,937	-	-	-	-	-	-	671,503	665,161	(6,342)
Other	284,026	461,740	102,223	8,034	27,251	47,673	272,007	-	1,202,955	1,446,453	243,498
Management Fees	2,419,937	3,668,264	605,996	338,590	286,876	565,786	277,525	-	8,162,974	8,726,066	563,092
Grant Expenses	-	99,180	-	-	-	-	238,293	-	337,474	291,137	(46,337)
Total Operating Expenses	19,305,481	27,999,648	5,093,568	2,255,026	2,308,553	2,998,348	1,872,057	(380,860)	61,451,821	63,248,396	1,796,575
Sub-Total	(2,132,579)	(757,814)	(920,276)	304,314	(163,041)	(641,608)	1,699,993	-	(2,611,010)	(5,539,044)	2,928,034
Affiliation Acctg Appraisal - FMV Depreciation	2,171,126	-	(215,035)	-	276,963	-	-	-	2,233,054	2,233,053	(1)
Operating Income (Loss)	(4,303,704)	(757,814)	(705,241)	304,314	(440,004)	(641,608)	1,699,993	-	(4,844,064)	(7,772,097)	2,928,034
Non-Operating Income (Loss)											
Net unrealized gain / loss on investments	-	134,277	-	-	-	-	177,532	-	311,809	-	311,809
Change in fair value of interest rate swap agreements	-	26,377	-	56,797	-	-	-	-	83,174	-	83,174
Net gain on joint ventures	1,871,209	3,450,051	-	-	-	-	-	-	5,321,260	3,332,173	1,989,086
Total Non-Operating Income (Loss)	1,871,209	3,610,705	-	56,797	-	-	177,532	-	5,716,243	3,332,173	2,384,070
Sub-total	(2,432,496)	2,852,891	(705,241)	361,112	(440,004)	(641,608)	1,877,525	-	872,179	(4,439,924)	5,312,103
Net transfers (to) from affiliates	124,805	743,094	35,929	-	16,877	3,533	(986,414)	-	(62,177)	(105)	(62,072)
Net Income (loss)	(2,307,691)	3,595,985	(669,312)	361,112	(423,127)	(638,076)	891,111	-	810,003	(4,440,029)	5,250,032
Temporarily Restricted Net Assets											
Restricted contributions	-	-	-	-	-	-	6,158,145	-	6,158,145	4,250,000	1,908,145
Restricted investment income	-	-	-	-	-	-	916,563	-	916,563	351,000	565,563
Change in present value of pledges receivable	-	-	-	-	-	-	-	0	0	9,000	(9,000)
Change in interest and present value of charitable remainder trusts	-	-	-	-	-	-	(16,147)	-	(16,147)	7,500	(23,647)
Net assets released from restriction	-	-	-	-	-	-	(1,670,903)	-	(1,670,903)	(1,221,000)	(449,903)
Increase / (Decrease) in temporarily restricted net assets	-	-	-	-	-	-	5,387,657	-	5,387,657	3,396,500	1,991,157
Change in Net Assets	(2,307,691)	3,595,985	(669,312)	361,112	(423,127)	(638,076)	6,278,769	-	6,197,660	(1,043,529)	7,241,189

Brio Living Services, Inc
Obligated Group
Statement of Cash Flows
Year to Date as of March 31, 2023

Cash Flow from Operating Activities

Increase (decrease) in net assets:	\$6,197,660
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	10,461,013
Amortization of deferred life lease revenue	(3,113,407)
Realized and unrealized (gains)/loss on investments	(2,601,906)
Gain from investments in joint ventures	(5,321,260)
Provision for bad debts	54,279
Decrease (increase) in operating assets:	
Accounts receivable	205,904
Accounts receivable - affiliates	(441,757)
Pledges receivable	489,440
Prepaid expenses and other current assets	461,040
Increase (decrease) in operating liabilities:	
Accounts payable	(1,406,970)
Accrued and other liabilities	719,587
Interest rate swap	(83,174)
Net cash provided by operating activities*	\$5,620,449

Cash flow from investing activities

Additions to property and equipment	(6,237,766)
Net investment activity (purchase/sales)	(61,209)
Investment in related organizations	1,228,500
Net cash used in investing activities	(\$5,070,475)

Cash flows from financing activities

Proceeds from life lease obligations*	9,069,069
Refund of life lease obligations*	(4,538,430)
Principal payments on long term debt	(1,713,210)
Net cash provided by (used in) financing activities	\$2,817,429

Net increase (decrease) in cash and cash equivalents	3,367,403
Cash and Cash equivalents beginning of year	8,768,587
 Cash and restricted cash - end of year	 \$12,135,990

* 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	Jan-23	Feb-23	Mar-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Skilled Nursing														
Kresge	85													
Census		80	79	77	75	81	78	79	80	79	78.54	77		
Occupancy %		93.6%	92.5%	91.0%	88.0%	95.5%	91.7%	92.8%	94.3%	92.4%	92.4%	90.6%		
Budget Occupancy %		90.6%	90.6%	90.6%	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	2,446	2,244	2,435	21,520	21,098		
Private Pay		455	370	235	317	260	377	210	258	295	2,777	2,740	12.90%	13.0%
Medicaid		942	1,094	1,111	1,039	1,103	1,055	1,246	1,021	1,079	9,690	10,686	45.03%	50.6%
Medicare		722	590	648	487	597	601	490	617	655	5,407	4,658	25.13%	22.1%
Medicare HMO		239	292	275	386	282	295	387	293	274	2,723	2,466	12.65%	11.7%
Commercial Ins		109	92	52	89	192	89	113	55	132	923	548	4.29%	2.6%
Village HRC	61 / 39													
Census		53	49	43	40	39	39	37	38	36	42	47		
Occupancy %		86.7%	79.5%	70.0%	66.0%	63.9%	63.2%	95.8%	97.6%	92.1%	78.3%	77.7%		
Budget Occupancy %		100.0%	96.7%	93.4%	88.5%	77.0%	60.7%	94.9%	94.9%	94.9%				
Resident Days		1,639	1,504	1,281	1,249	1,170	1,195	1,158	1,066	1,114	11,376	12,991		
Private Pay		482	410	447	468	425	389	472	468	474	4,035	4,629	35.5%	35.6%
Medicaid		994	950	802	781	745	806	686	598	640	7,002	6,706	61.6%	51.6%
Medicare		35	28	-	-	-	-	-	-	-	63	1,656	0.6%	12.7%
Commercial Ins		128	116	32	-	-	-	-	-	-	276	-	2.4%	0.0%
Green House	20													
Census		17	18.5	19.4	20	20	20	20	19	19	19.1	19		
Occupancy %		83.7%	92.7%	97.2%	98.9%	97.7%	100.0%	98.2%	97.0%	96.3%	95.7%	95.0%		
Budget Occupancy %		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%				
Resident Days		519	575	583	613	586	620	609	543	597	5,245	5,206		
Private Pay		103	124	103	89	76	93	82	84	101	855	2,192	16.3%	42.1%
Medicaid		416	451	480	524	510	527	527	459	496	4,390	3,014	83.7%	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	Jan-23	Feb-23	Mar-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Assisted Living														
Glazier Commons AL	84													
Census		63	64	60	56	57	56	54	60	62	59	64		
Occupancy %		75.2%	76.7%	71.6%	66.6%	67.3%	66.3%	64.8%	71.0%	73.3%	70.3%	76.2%		
Budget Occupancy %		76.2%	76.2%	76.2%	76.2%	76.2%	76.2%	88.7%	88.7%	88.7%				
Resident Days		1,958	1,996	1,804	1,735	1,696	1,726	1,688	1,671	1,908	16,182	17,536		
Village AL	67													
Census		61	60	60	57	61	63	61	62	63	61	57		
Occupancy %		91.1%	88.9%	89.4%	84.5%	91.3%	93.7%	91.7%	92.6%	94.7%	90.9%	85.6%		
Budget Occupancy %		85.6%	85.6%	85.6%	85.6%	85.6%	85.6%	91.0%	91.0%	91.0%				
Resident Days		1,892	1,846	1,796	1,756	1,835	1,946	1,904	1,737	1,967	16,679	15,708		
Meadowlark AL	20													
Census		18	18	18	20	20	19	19	20	20	19	19		
Occupancy %		89.4%	89.7%	92.3%	97.9%	98.5%	96.6%	96.8%	100.0%	100.0%	95.6%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%				
Resident Days		554	556	554	607	591	599	600	560	620	5,241	5,206		
Memory Care														
Towsley Village MC	68													
Census		67	65	66	65	62	61	63	63	65	64.13	63		
Occupancy %		97.9%	95.0%	97.4%	96.2%	91.7%	90.2%	92.1%	92.3%	95.8%	94.3%	92.6%		
Budget Occupancy %		92.6%	92.6%	92.6%	92.6%	92.6%	92.6%	85.0%	85.0%	85.0%				
Resident Days		2,063	2,002	1,986	2,028	1,871	1,901	1,942	1,758	2,020	17,571	17,262		
Village MC	34													
Census		32	31	30	31	31	31	29	27	26	30	32		
Occupancy %		93.2%	92.1%	88.8%	89.9%	90.0%	91.9%	86.2%	80.8%	77.2%	87.9%	93.7%		
Budget Occupancy %		93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.8%	93.8%	93.8%				
Resident Days		982	971	906	948	918	969	909	769	814	8,186	8,733		
Meadowlark MC	10													
Census		9	10	10	10	10	10	9	9	10	10	9		
Occupancy %		85.2%	100.0%	99.7%	95.8%	96.3%	100.0%	92.3%	90.4%	96.8%	95.2%	93.3%		
Budget Occupancy %		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	100%	100%	100%				
Resident Days		264	310	299	297	289	310	286	253	300	2,608	2,556		

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

	Capacity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Independent Living														
Life Lease Turns														
Actual		2	5	2	3	5	1	3	3	2	26			
Budget		3	3	4	4	2	2	2	2	4	26			
Life Lease Refunds														
Actual		2	1	1	5	8	6	3	1	2	29			
Budget		3	3	4	4	2	2	2	2	4	26			
CRC IL	172													
Census		161	162	163	164	163	162	161	158	156	161	160		
Occupancy %		93.4%	93.9%	94.9%	95.2%	94.8%	94.3%	93.5%	91.8%	91.0%	93.7%	93.0%		
Budget Occupancy %		93.0%	93.0%	93.0%	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	4,987	4,420	4,851	44,143	43,840		
Village Center Rental	53													
Census		41	41	42	43	41	44	44	44	44	43	44		
Occupancy %		78.1%	77.2%	79.2%	81.4%	77.7%	83.5%	83.0%	83.9%	83.3%	80.8%	83.0%		
Budget Occupancy %		83.0%	83.0%	83.0%	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	1,364	1,245	1,368	11,734	12,056		
Garden Apartments IL	103													
Census		96	96	97	97	98	98	96	96	96	97	100		
Occupancy %		92.8%	93.6%	94.2%	94.3%	95.5%	95.2%	92.8%	92.7%	93.7%	93.9%	97.1%		
Budget Occupancy %		97.1%	97.1%	97.1%	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	2,964	2,674	2,991	26,491	27,400		
Village Town Homes IL	18													
Census		16	15	15	15	14	13	13	13	14	14	16		
Occupancy %		88.9%	83.3%	83.3%	83.2%	77.6%	72.2%	72.2%	74.8%	77.8%	79.3%	88.9%		
Budget Occupancy %		88.9%	88.9%	88.9%	88.9%	88.9%	88.9%	88.9%	88.9%	88.9%				
Resident Days		496	465	450	464	419	403	403	377	434	3,911	4,384		
Cedars of Dexter IL	60													
Census		58	59	60	59	59	59	60	60	60	59	57		
Occupancy %		97.0%	98.3%	100.0%	98.3%	98.3%	98.3%	99.4%	100.0%	100.0%	98.8%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%	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	1,848	1,680	1,860	16,250			
Cook Valley IL	134													
Census		128	128	129	129	130	129	130	130	129	129	130		
Occupancy %		95.5%	95.6%	96.1%	96.3%	97.0%	96.3%	97.4%	96.9%	96.0%	96.3%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%	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	4,044	3,635	3,987	35,367			
Meadowlark IL	26													
Census		19	20	21	22	21	23	24	23	26	22	22		
Occupancy %		71.7%	77.7%	81.9%	85.4%	81.8%	89.2%	92.4%	90.1%	98.6%	85.4%	85%		
Budget Occupancy %		84.6%	84.6%	84.6%	84.6%	84.6%	84.6%	96.0%	96.0%	96.0%				
Resident Days		578	626	639	688	638	719	745	656	795	6,084	6,028		

Brio Living Services Inc

Census Report - 2022-23 Fiscal Year

	Capacity	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Home Health														
Episodes		126	111	121	144	122	114	154	139	142	1,173			
Budgeted Episodes		197	197	197	212	212	212	217	232	237		1,913		
Average \$ per Case		2,116	2,244	2,154	1,967	1,963	1,908	1,643	1,840	2,108	1,994	2,192		

Brio Living Services, Inc. Obligated Group
Days Cash on Hand - Liquidity Covenant
Rolling 12 Months Ended March 31, 2023

Total Unrestricted Cash and Investments	
Cash and cash equivalents	12,135,990
Assets limited as to use	62,591,492
Deduct Restricted Cash & Investments	
Life lease escrow	(250,660)
Assets limited as to use under indenture	(7,675,356)
Investment with donor restrictions	(27,342,812)
	39,458,654
(A) Total Unrestricted Cash and Investments	39,458,654
Operating expenses, less certain noncash expenses	
Operating expenses	86,813,253
Deduct:	
Depreciation expense	(13,759,330)
Provision for bad debts	(426,652)
	72,627,271
(B) Operating expenses, less certain noncash expenses	72,627,271
Days Cash on Hand (A)/[(B)/365]	198
Required Days Cash on Hand	150

Brio Living Services, Inc. Obligated Group
Historical Debt Service Coverage Ratio
Rolling 12 Months Ended March 31, 2023

Total Funds Available for Debt Service

Increase (Decrease) in net assets without donor restrictions	(5,210,000)
Add (deduct):	
Depreciation expense	13,759,000
Interest expense	3,638,000
Amortization of entrance fees	(4,520,000)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	12,469,000
Refunds of nonrefundable and refundable entrance fees	(5,882,000)
Net unrealized (gain)/loss on investments	3,780,000
Net unrealized (gain)/loss on investment in joint ventures	(2,434,000)
Change in fair value of interest rate swap agreements	(153,000)
Change in value of charitable gift annuities	13,000
Net transfers to affiliates	80,000
Net assets released from restriction for capital purchases	<u>(1,242,000)</u>
(A) Income Available for Debt Services	<u><u>14,298,000</u></u>
(B) Debt Service Requirements	<u>6,246,000</u>
Historical Debt Service Coverage Ratio (A)/(B)	<u><u>2.3</u></u>
Required Historical Debt Service Coverage Ratio	<u><u>1.2</u></u>

	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 March 31, 2023, the Chelsea Retirement Community has a wait list of 154 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of March 31, 2023, the Cedars of Dexter has a wait list of 42 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of March 31, 2023, Porter Hills Village has a wait list of 54 prospective residents who have escrowed deposits with PHPV for independent living units.

As of March 31, 2023, Cook Valley Estates has a wait list 71 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 March 31, 2023, 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 May 24, 2023.



By: _____

Print Name: Kim Hoppe

Title: CFO