

Brio Living Services, Inc. Obligated Group
2nd 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 December 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

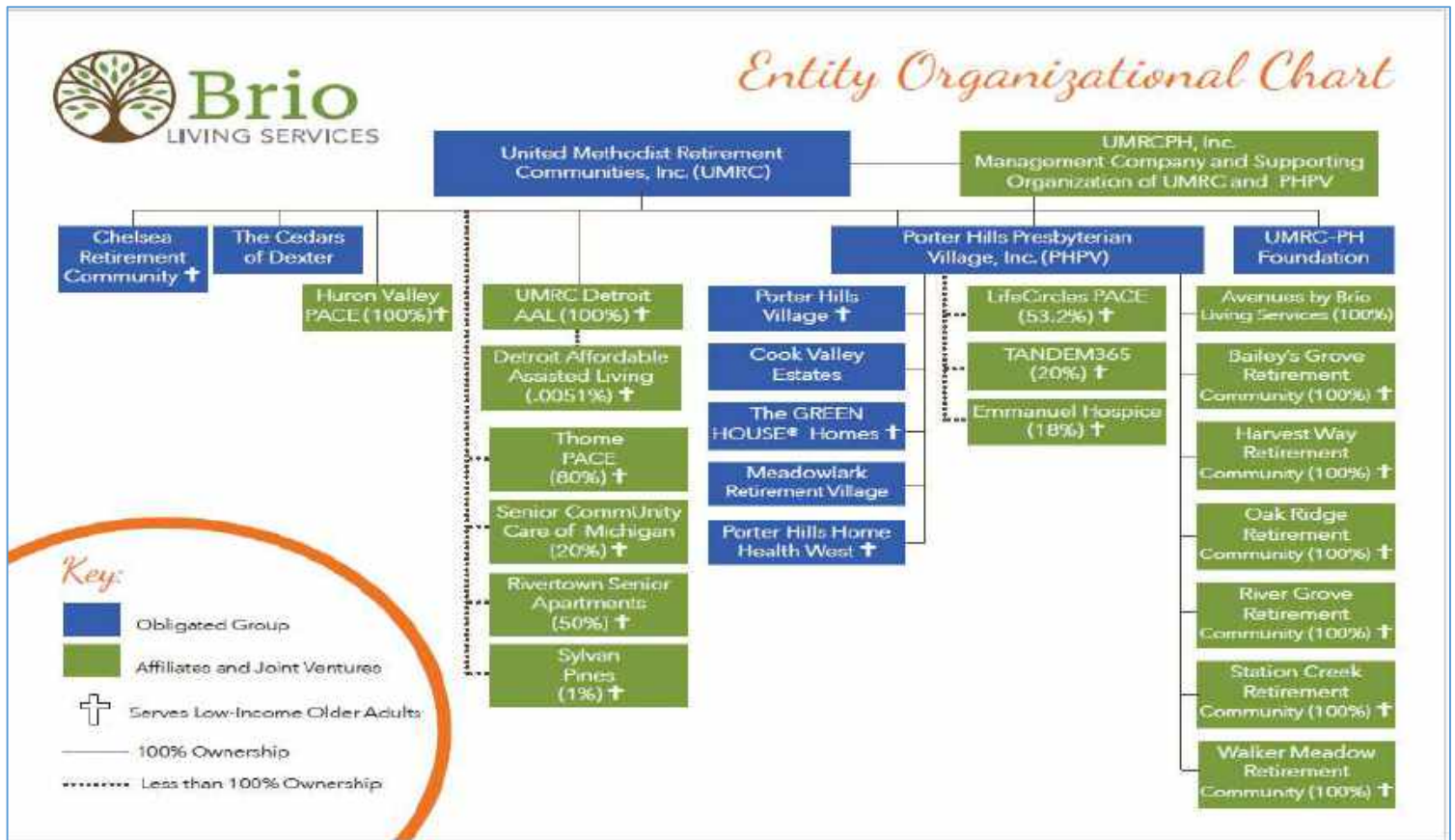
United Methodist Retirement Communities, Inc. (UMRC) is a Michigan nonprofit organization governed by a board of trustees that provides housing, healthcare, and other related senior services. The Obligated Group (OG) special purpose combined financials statements are prepared for the combined entities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

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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 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.

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Census

	Fiscal Year Ended			YTD
	6/30/2021	6/30/2022	6/30/2023	12/31/2023
Independent Living				
Chelsea Retirement Community				
Available Units	172	172	172	172
Average Occupancy	156	157	160	156
Percentage Occupancy	90.7%	91.3%	93.0%	90.7%
Porter Hills Village				
Available Units	178	178	174	163
Average Occupancy	151	155	154	155
Percentage Occupancy	84.8%	86.9%	88.5%	95.1%
Cook Valley				
Available Units	134	134	134	134
Average Occupancy	122	127	129	126
Percentage Occupancy	91.0%	94.6%	96.3%	94.0%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	20	19	23	25
Percentage Occupancy	76.9%	74.6%	88.5%	96.2%
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	57
Percentage Occupancy	82.4%	86.1%	91.0%	85.1%
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	64
Percentage Occupancy	75%	94%	94%	94.1%
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	81
Percentage Occupancy	80%	87%	93%	95.3%
Village HRC*				
Available Units	81	81	61/39	39
Average Occupancy	58	58	40	37
Percentage Occupancy	71.6%	71.6%	80%	94.9%
Green House Homes				
Available Units	20	20	20	20
Average Occupancy	16	17	19	18
Percentage Occupancy	80.0%	85.0%	95.0%	90.0%
Total				
Available Units	978	979	924	922
Percentage Occupancy	83.9%	87.0%	89.5%	91.0%
Home Care				
Episodes	1,829	1,731	1,553	843

*HRC reduced available beds from 61 to 39 during FY23

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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>12/31/2023</u>
Medicare & Medicare Advantage	34%	35%	38%	36%
Medicaid	46%	48%	44%	41%
Private & Other	20%	17%	18%	23%

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>12/31/2023</u>
Medicare/Medicare Advantage	7%	5%	0.5%	0.0%
Medicaid	58%	62%	62.0%	60.8%
Private & Other	35%	33%	37.5%	39.2%

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

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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 12/31/23		
	6/30/2021	6/30/2022	6/30/2023	Actual	Budget	Variance
Net Service Revenue	58,005,767	61,767,504	64,846,215	35,590,763	34,030,274	1,560,489
Net investment income	3,301,817	4,512,036	1,576,721	1,491,357	604,435	886,922
Contributions	1,464,228	5,867,539	400,874	163,673	250,000	(86,327)
Other	17,422,737	10,926,448	10,740,816	4,931,052	4,264,510	666,542
Total Operating Revenue	80,194,549	83,073,527	77,564,626	42,176,845	39,149,219	3,027,626
Operating Expenses	64,979,722	68,297,171	69,265,253	35,189,582	34,277,209	(912,373)
Interest Expense	3,587,450	3,807,995	3,551,716	1,775,548	1,929,724	154,176
Depreciation*	13,410,485	13,576,784	13,193,024	6,622,593	6,864,416	241,823
Total Operating Expenses	81,977,657	85,681,950	86,009,993	43,587,723	43,071,349	(516,374)
Operating Loss	(1,783,108)	(2,608,423)	(8,445,367)	(1,410,878)	(3,922,130)	2,511,252
Change in fair value of interest rate swap	345,653	351,751	117,262	(59,821)	-	(59,821)
Gain (loss) from investment in joint ventures	8,960,431	4,585,387	8,494,816	1,377,412	2,036,702	(659,290)
Net assets released from restriction for capital	1,000,133	408,200	1,429,572	1,233,536	-	1,233,536
Other	3,562,927	(8,424,319)	805,202	512,751	450	512,301
Total Other Changes to Net Assets Without Donor Restrictions	13,869,144	(3,078,981)	10,846,852	3,063,878	2,037,152	1,026,726
Increase (Decrease) in Net Assets Without Donor Restrictions	12,086,036	(5,687,404)	2,401,485	1,653,000	(1,884,978)	3,537,978

* 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 \$1.5M as of 12/31/23**

YTD Operating Loss \$2.5 million favorable to budget:

- Operating revenues are favorable to budget due to: net service revenues including recognition of \$1.3 million for a Medicaid settlement, and favorable realized gains and interest income from unrestricted investments.
- Operating expenses are unfavorable to budget due to: salaries and wages are higher than budget \$840K. 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 favorable to budget \$1 million. This is primarily due to net assets released for capital of \$1.2 million.

Restricted Results

Restricted activity was approximately \$800K unfavorable to budget. See the statement of activities for more information.

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Financial Position

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



Excludes affiliation FMV depreciation

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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 exceeding benchmarks due to the \$1.3 million Medicaid settlement
- 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:

Kalen Carlson, CFO - 616-202-1591 or kcarlson@mybrio.org

Attached are financial statements as of and YTD through December 31, 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.
- 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.

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- 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 December 31, 2023

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Home Health - West	Eliminations	Total	Audited*
	12/31/2023	12/31/2023	12/31/2023	12/31/2023	12/31/2023	12/31/2023	12/31/2023		12/31/2023	06/30/2023
										Prior FY End
ASSETS										
Current Assets										
Cash and cash equivalents	(68,294)	(11,969)	(200,785)	10,619,467	(4,309)	1,424,688	(6,897)		11,751,901	13,542,579
Accounts receivable - residents	37,858	(382)	1,150,557	2,205,009	19,354	0	739,041		4,151,437	3,744,578
Prepaid expenses and other assets	50,955	216,589	125,896	1,613,890	32,285	11,831	16,668		2,068,114	1,871,909
AR / (AP) Intercompany	505,713	3,795,338	(1,268,771)	8,563,282	(2,403,827)	(465,303)	(7,867,591)		858,841	1,466,625
Total Current Assets	526,232	3,999,576	(193,103)	23,001,648	(2,356,497)	971,216	(7,118,779)		18,830,293	20,625,691
Investments										
Assets limited as to use	2,185,736	125,652	1,984,289	2,613,158	205,796	60,056,082	0		67,170,713	64,273,823
Property and equipment, net	25,478,253	13,790,887	56,678,984	63,852,801	6,054,831	681,463	36,079		166,573,298	168,768,627
Investment in and notes receivable from affi	0	0	13,507,901	27,238,537	0	0	0	4,070,247	44,816,685	43,963,578
Total Investments	27,663,989	13,916,539	72,171,174	93,704,496	6,260,627	60,737,545	36,079	4,070,247	278,560,696	277,006,028
Total Assets	28,190,221	17,916,115	71,978,071	116,706,144	3,904,130	61,708,761	(7,082,700)	4,070,247	297,390,989	297,631,719
Total Liabilities and Net Assets										
LIABILITIES										
Current Liabilities										
Accounts Payable	214,108	63,228	317,995	182,014	43,547	15,551	6,389		842,832	2,835,346
Current portion of long-term debt	456,088	383,378	521,007	960,000	62,904	0	0		2,383,377	2,383,378
Accrued liabilities and other	192,994	58,647	660,191	1,187,114	151,317	56,463	64,396		2,371,122	3,138,827
Total Current Liabilities	863,190	505,253	1,499,193	2,329,128	257,768	72,014	70,785		5,597,331	8,357,551
Long Term Liabilities										
Long-term debt - net of current portion	25,329,553	8,094,313	22,782,113	26,133,617	2,311,309	0	0	(1,018,915)	83,631,990	83,917,855
Deferred revenue from entrance fees	11,104,896	3,848,870	8,037,868	3,467,093	0	0	0		26,458,727	26,760,800
Refundable entrance fees	19,343,867	8,042,835	12,948,994	10,885,022	0	0	0		51,220,718	50,625,552
Fair value of interest rate swap	0	(65,544)	0	(24,864)	0	0	0		(90,408)	(150,230)
Total Long Term Liabilities	55,778,316	19,920,474	43,768,975	40,460,868	2,311,309	0	0	(1,018,915)	161,221,027	161,153,977
Total Liabilities	56,641,506	20,425,727	45,268,168	42,789,996	2,569,077	72,014	70,785	(1,018,915)	166,818,358	169,511,528
NET ASSETS										
Unrestricted	(28,383,668)	(2,587,056)	28,470,889	71,745,486	1,499,688	31,344,064	(6,822,154)	5,089,162	100,356,411	100,375,432
Current year earnings	(67,617)	77,444	(1,760,986)	2,096,114	(164,635)	1,804,010	(331,331)		1,652,999	0
Current year earnings - restricted	0	0	0	0	0	799,433	0		799,433	0
Restricted	0	0	0	74,548	0	27,689,240	0		27,763,788	27,744,759
Total Net Assets	(28,451,285)	(2,509,612)	26,709,903	73,916,148	1,335,053	61,636,747	(7,153,485)	5,089,162	130,572,631	128,120,191
Total Liabilities and Net Assets	28,190,221	17,916,115	71,978,071	116,706,144	3,904,130	61,708,761	(7,082,700)	4,070,247	297,390,989	297,631,719

* Certain classifications vary from actual audit report.

Brio Living Services
Statement of Activities - Obligated Group
Fiscal Year to Date Ending December 31, 2023

	Chelsea Retirement							Total	Budget	Variance
	Cook Valley	Cedars of Dexter	Porter Hills Village	Community	Meadowlark	UMRCPH Foundation	Home Health - West			
Operating Revenue										
Net Service Revenue	1,870,412	1,296,357	10,665,156	18,676,914	1,540,258	41	1,541,625	35,590,763	34,030,274	1,560,489
Investment Income - unrestricted	625	0	1,295	25,461	293	1,463,684	0	1,491,357	604,435	886,922
Entrance Fee Amortization	985,094	282,061	631,579	269,982	0	0	0	2,168,717	2,135,673	33,043
Contributions	0	0	0	0	0	163,673	0	163,673	250,000	(86,327)
COVID Funding	0	0	118,116	154,948	0	0	0	273,063	201,622	71,442
Supplemental charges and misc revenue	447,109	67,288	666,073	642,103	28,685	0	0	1,851,258	1,327,215	524,043
	0	0	0	0	0	638,014	0	638,014	600,000	38,014
Total Operating Revenue	3,303,240	1,645,706	12,082,219	19,769,408	1,569,236	2,265,412	1,541,625	42,176,845	39,149,219	3,027,626
Operating Expenses										
Salaries and wages	578,502	265,214	5,587,725	8,518,382	714,271	554,377	1,202,692	17,421,163	16,584,117	(837,046)
Employee Benefits	80,608	64,866	1,051,555	1,647,259	141,217	107,413	249,270	3,342,187	3,299,355	(42,832)
Operating supplies & expenses	154,182	73,625	871,275	1,551,726	113,264	38,062	28,717	2,830,852	3,135,455	304,603
Professional Services & Consultant Fees	56,032	44,475	670,968	420,802	62,247	94,886	20,214	1,369,623	1,153,159	(216,464)
Repairs & maintenance	226,296	177,858	206,031	349,261	19,595	0	0	979,042	1,005,934	26,893
Utilities	238,237	72,710	482,728	482,232	47,104	0	0	1,323,010	1,259,500	(63,511)
Depreciation and Amortization	1,079,866	269,004	1,404,730	2,243,444	122,497	13,972	377	5,133,891	5,375,714	241,823
Interest	513,103	169,864	446,446	598,253	47,883	0	0	1,775,548	1,929,724	154,176
Real Estate Taxes	97,729	134,019	48,898	287,182	29,130	0	45	597,004	588,843	(8,161)
Quality assurance assessment	0	0	21,533	306,931	0	0	0	328,464	262,991	(65,473)
Other	71,479	11,883	296,450	120,692	20,674	164,514	137,084	822,774	819,294	(3,480)
Management Fees	468,614	242,136	1,928,514	2,727,066	231,348	203,202	234,556	6,035,437	6,035,447	9
Grant Expenses	19,403	0	3,447	12,996	0	104,180	0	140,026	133,114	(6,911)
Total Operating Expenses	3,584,051	1,525,654	13,020,300	19,266,227	1,549,229	1,280,606	1,872,955	42,099,021	41,582,647	(516,374)
Sub-total	(280,811)	120,052	(938,081)	503,181	20,007	984,806	(331,330)	77,824	(2,433,428)	2,511,252
Affiliation Acct Appraisal - FMV Depreciation	(143,357)	0	1,447,417	0	184,643	0	0	1,488,702	1,488,702	0
Total Operating Income	(137,454)	120,052	(2,385,498)	503,181	(164,636)	984,806	(331,330)	(1,410,879)	(3,922,130)	2,511,252
Non-Operating Income (Loss)										
Net unrealized gain / loss on investments	0	0	0	0	0	593,415	0	593,415	0	593,415
Change in fair value of interest rate swap agreements	0	(42,608)	0	(17,213)	0	0	0	(59,821)	0	(59,821)
Net gain on joint ventures	0	0	503,673	873,739	0	0	0	1,377,412	2,036,702	(659,292)
Non-Operating Income (Loss)	0	(42,608)	503,673	856,526	0	593,415	0	1,911,006	2,036,702	(125,698)
Net transfers (to) from affiliates	69,837	0	120,839	736,407	0	(1,007,747)	0	(80,664)	450	(81,114)
Net assets released from restriction for capital	0	0	0	0	0	1,233,536	0	1,233,536	0	1,233,537
Net Income (loss)	(67,617)	77,444	(1,760,986)	2,096,114	(164,636)	1,804,010	(331,330)	1,652,999	(1,884,978)	3,537,977
Temporarily Restricted net Assets										
Restricted Contributions	0	0	0	0	0	1,399,508	0	1,399,508	2,200,000	(800,492)
Restricted investment income	0	0	0	0	0	1,271,475	0	1,271,475	0	1,271,475
Net assets released from restriction	0	0	0	0	0	(1,871,550)	0	(1,871,550)	(600,000)	(1,271,550)
Increase / (Decrease) in temporarily restricted net assets	0	0	0	0	0	799,433	0	799,433	1,600,000	(800,567)
Change in Net Assets	(67,617)	77,444	(1,760,986)	2,096,114	(164,636)	2,603,443	(331,330)	2,452,432	(284,978)	2,737,410

Brio Living Services, Inc
Obligated Group
Statement of Cash Flows
YTD as of December 31, 2023

Cash Flow from Operating Activities

Increase (decrease) in net assets:	\$2,452,432
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	6,622,593
Amortization of deferred life lease revenue	(2,168,717)
Realized and unrealized (gains)/loss on investments	(3,356,247)
Gain from investments in joint ventures	(1,377,412)
Provision for bad debts	109,959
Decrease (increase) in operating assets:	
Accounts receivable	(516,818)
Accounts receivable - affiliates	607,784
Pledges receivable	549,350
Prepaid expenses and other current assets	(196,205)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,992,514)
Accrued and other liabilities	(767,705)
Interest rate swap	59,821
Net cash provided by operating activities*	\$26,321

Cash flow from investing activities

Additions to property and equipment	(4,427,264)
Net investment activity (purchase/sales)	(381,469)
Investment in related organizations	819,000
Net cash used in investing activities	(\$3,989,733)

Cash flows from financing activities

Proceeds from life lease obligations*	4,889,201
Refund of life lease obligations*	(2,430,601)
Principal payments on long term debt	(285,866)
Net cash provided by (used in) financing activities	\$2,172,735

Net increase (decrease) in cash and cash equivalents	(1,790,678)
Cash and Cash equivalents beginning of year	13,542,579
Cash and restricted cash - end of year	\$11,751,901

* 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	Oct-23	Nov-23	Dec-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Skilled Nursing											
Kresge	85										
Census		81	79	81	81	81	82	69.18	78		
Occupancy %		95.2%	93.0%	95.0%	95.7%	94.9%	96.8%	81.4%	91.8%		
Budget Occupancy %		91.8%	91.8%	91.8%	91.8%	91.8%	91.8%				
Resident Days		2,508	2,450	2,423	2,521	2,421	2,550	14,873	16,770		
Private Pay		512	548	447	634	227	428	2,796	2,150	18.80%	12.8%
Medicaid		1,051	965	1,033	868	1,194	990	6,101	7,740	41.02%	46.2%
Medicare		687	490	537	568	710	611	3,603	4,085	24.23%	24.4%
Medicare HMO		196	335	312	399	218	356	1,816	2,150	12.21%	12.8%
Commercial Ins		62	112	94	52	72	165	557	645	3.75%	3.8%
Village HRC	39										
Census		37	37	37	37	37	38	31.9	38		
Occupancy %		95.5%	95.2%	93.8%	95.5%	94.5%	98.3%	81.7%	97.4%		
Budget Occupancy %		97.4%	97.4%	97.4%	97.4%	97.4%	97.4%				
Resident Days		1,155	1,151	1,098	1,155	1,106	1,188	6,853	8,167		
Private Pay		535	487	412	487	458	475	2,854	3,863	41.6%	47.3%
Medicaid		620	664	686	668	648	713	3,999	4,304	58.4%	52.7%
Medicare								-	-	0.0%	0.0%
Commercial Ins								-	-	0.0%	0.0%
Green House	20										
Census		16	17	18	19	19	20	16	19		
Occupancy %		80.0%	85.0%	89.3%	96.1%	96.3%	98.2%	77.7%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%				
Resident Days		496	527	536	596	578	609	3,342	4,085		
Private Pay		155	155	176	201	218	237	1,142	922	34.2%	22.6%
Medicaid		341	372	360	395	360	372	2,200	3,163	65.8%	77.4%
Medicare								-	-	0.0%	0.0%
Commercial Ins								-	-	0.0%	0.0%
Assisted Living											
Glazier Commons AL	84										
Census		61	65	63	63	65	64	54	62		
Occupancy %		72.1%	77.7%	75.4%	74.9%	77.2%	75.8%	64.6%	73.8%		
Budget Occupancy %		73.8%	73.8%	73.8%	73.8%	73.8%	73.8%				
Resident Days		1,878	2,023	1,900	1,950	1,946	1,975	11,672	13,330		
Village AL	67										
Census		55	56	57	59	59	55	49	61		
Occupancy %		82.8%	83.8%	84.8%	88.4%	88.6%	82.4%	72.8%	91.0%		
Budget Occupancy %		91.0%	91.0%	91.0%	91.0%	91.0%	91.0%				
Resident Days		1,719	1,740	1,704	1,836	1,781	1,711	10,491	13,108		
Meadowlark AL	20										
Census		19	20	19	19	19	18	16	20		
Occupancy %		96.1%	99.0%	92.8%	95.5%	95.7%	90.2%	81.2%	97.6%		
Budget Occupancy %		97.6%	97.6%	97.5%	97.6%	97.5%	97.6%				
Resident Days		596	614	557	592	574	559	3,492	4,195		

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

	Capacity	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Memory Care											
Towsley Village MC	68										
Census		67	67	66	61	63	64	55	64		
Occupancy %		97.9%	98.0%	97.2%	89.6%	91.9%	93.9%	81.1%	94.1%		
Budget Occupancy %		94.1%	94.1%	94.1%	94.1%	94.1%	94.1%				
Resident Days		2,064	2,065	1,982	1,889	1,875	1,979	11,854	13,760		
Village MC	34										
Census		27	29	30	30	29	30	25	32		
Occupancy %		79.8%	85.2%	88.8%	87.8%	86.4%	88.3%	73.6%	94.0%		
Budget Occupancy %		94.0%	94.0%	94.0%	94.0%	94.0%	94.0%				
Resident Days		841	898	906	925	881	931	5,382	6,871		
Meadowlark MC	10										
Census		10	9	10	10	9	9	8	10		
Occupancy %		98.7%	90.3%	95.3%	100.0%	91.0%	90.6%	80.7%	95.1%		
Budget Occupancy %		95.2%	95.2%	95.0%	95.2%	95.0%	95.2%				
Resident Days		306	280	286	310	273	281	1,736	2,045		
Independent Living											
Life Lease Move Ins											
Actual		1	3	2	5	2	2	15			
Budget		3	3	3	3	2	2	16			
Life Lease Move Outs											
Actual		2	2	4	6	3	3	20			
Budget		3	3	3	3	2	2	16			
CRC IL	172										
Census		155	155	156	153	158	159	133	162		
Occupancy %		89.9%	90.3%	90.7%	88.7%	92.0%	92.2%	77.6%	94.2%		
Budget Occupancy %		94.2%	94.2%	94.2%	94.2%	94.2%	94.2%				
Resident Days		4,796	4,815	4,681	4,729	4,748	4,917	28,686	34,830		
Village Center Rental	47										
Census		46	44	44	43	45	45	38	44		
Occupancy %		97.9%	94.6%	92.8%	92.5%	96.0%	96.4%	81.3%	93.6%		
Budget Occupancy %		93.6%	93.6%	93.6%	93.6%	93.6%	93.6%				
Resident Days		1,426	1,378	1,308	1,347	1,353	1,404	8,216	9,460		
Garden Apartments IL											
Census	103	98	98	98	97	98	97	83	98		
Occupancy %		94.7%	95.2%	95.3%	94.3%	94.8%	93.9%	81.0%	95.1%		
Budget Occupancy %		95.1%	95.1%	95.1%	95.1%	95.1%	95.1%				
Resident Days		3,023	3,039	2,946	3,012	2,929	2,997	17,946	21,070		
Village Town Homes IL											
Census	13	13	13	13	13	13	13	11	13		
Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	85.6%	100.0%		
Budget Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				
Resident Days		403	403	390	403	390	403	2,392	2,795		
Cedars of Dexter IL	60										
Census		57	57	57	57	56	57	48.6	58		
Occupancy %		95.0%	95.0%	95.0%	94.9%	93.3%	94.6%	81.0%	96.7%		
Budget Occupancy %		96.7%	96.7%	96.7%	96.7%	96.7%	96.7%				
Resident Days		1,767	1,767	1,710	1,765	1,680	1,759	10,448			
Cook Valley IL	134										
Census		128	127	126	127	126	125	108.2	130		
Occupancy %		95.2%	94.8%	94.4%	94.5%	94.1%	93.3%	80.8%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%	97.0%	97.0%	97.0%				
Resident Days		3,956	3,937	3,794	3,927	3,781	3,875	23,270			

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

	Capacity	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FYTD	Budget	Payer Mix	Payer Mix Budget
Meadowlark IL	26										
Census		25	26	26	25	25	23	21	24		
Occupancy %		97.9%	100.0%	100.0%	95.8%	95.9%	89.2%	82.5%	92%		
Budget Occupancy %		92.3%	92.3%	92.3%	92.3%	92.3%	92.3%				
Resident Days		789	806	780	772	748	719	4,614	5,160		
Home Health											
Episodes		127	135	154	152	136	139	997			
Budgeted Episodes		154	154	154	156	156	133		1,065		
Average \$ per Case		1,802	2,039	1,775	1,707	1,937	1,451	1,785	2,192		
PACE											
Life Circles Combined											
Total Participants		404	405	407	408	412	409	408	417		
Budget		402	405	407	410	412	415				
Huron Valley PACE											
Total Participants		286	287	293	290	292	287	289	304		
Budget		289	292	294	297	299	302				
Thome PACE											
Total Participants		210	212	217	222	226	225	219	220		
Budget		205	207	210	212	215	217				
Avenues											
Total Members		40	40	39	39	39	39	39	38		
Emmanuel Hospice											
# of Days		4,289	4,554	4,640	5,134	5,267	5,570	29,454	14,671		
Affordable Housing											
Bailey's Grove	43										
Census		41	41	40	40	40	39	40			
Occupancy %		95.3%	95.3%	93.0%	93.0%	93.0%	90.7%	93.4%	96.5%		
Harvest Way	45										
Census		44	42	40	41	42	43	42			
Occupancy %		97.8%	93.3%	88.9%	91.1%	93.3%	95.6%	93.3%	98.9%		
Oak Ridge	45										
Census		44	44	44	45	45	44	44			
Occupancy %		97.8%	97.8%	97.8%	100.0%	100.0%	97.8%	98.5%	97.7%		
River Grove	46										
Census		43	42	44	43	44	42	43			
Occupancy %		93.5%	91.3%	95.7%	93.5%	95.7%	91.3%	93.5%	98.0%		
Station Creek	49										
Census		49	49	49	49	49	48	49			
Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%	98.0%	99.7%	97.6%		
Walker Meadow	42										
Census		39	41	39	39	39	37	39			
Occupancy %		92.9%	97.6%	92.9%	92.9%	92.9%	88.1%	92.9%	97.4%		
Rivertown	80										
Census		72	62	68	68	69	70	68			
Occupancy %		90.0%	77.5%	85.0%	85.0%	86.3%	87.5%	85.2%	81.0%		
Sylvan Pines	98										
Census		94	96	97	97	96	97	96			
Occupancy %		95.9%	98.0%	99.0%	99.0%	98.0%	99.0%	98.1%	97.7%		

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

Total Unrestricted Cash and Investments	
Cash and cash equivalents	11,751,901
Assets limited as to use	67,170,714
Deduct Restricted Cash & Investments	
Life lease escrow	(299,569)
Assets limited as to use under indenture	(6,815,059)
Investment with donor restrictions	(28,563,221)
	<hr/>
(A) Total Unrestricted Cash and Investments	43,244,766
	<hr/> <hr/>
Operating expenses, less certain noncash expenses	
Operating expenses	86,193,214
Deduct:	
Depreciation expense	(12,841,612)
Provision for bad debts	(1,018,861)
	<hr/>
(B) Operating expenses, less certain noncash expenses	72,332,741
	<hr/> <hr/>
Days Cash on Hand (A)/[(B)/365]	218
	<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 December 31, 2023

Total Funds Available for Debt Service

Increase (Decrease) in net assets without donor restrictions	5,521,032
Add (deduct):	
Depreciation expense	12,841,612
Interest expense	3,515,278
Amortization of entrance fees	(4,683,923)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	11,206,991
Refunds of nonrefundable and refundable entrance fees	(3,723,195)
Net unrealized (gain)/loss on investments	(2,531,568)
Net unrealized (gain)/loss on investment in joint ventures	(6,177,842)
Change in fair value of interest rate swap agreements	58,932
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	(2,663,108)

(A) Income Available for Debt Services

15,273,563

(B) Debt Service Requirements

6,250,375

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

2.44

Required Historical Debt Service Coverage Ratio

1.2

	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 December 31, 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 151 residents on the waitlist for rental units.

As of December 31, 2023, the Cedars of Dexter has a wait list of 58 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of December 31, 2023, Porter Hills Village has a wait list of 74 prospective residents who have escrowed deposits with PHPV for independent living units.

As of December 31, 2023, Cook Valley Estates has a wait list 91 prospective residents who have escrowed refundable deposits for independent living units.

BLOOMFIELD 60870-13 2379159v1