

Brio Living Services, Inc. Obligated Group  
1st Quarter 2025 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 first quarter ended September 30, 2024.**

*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**

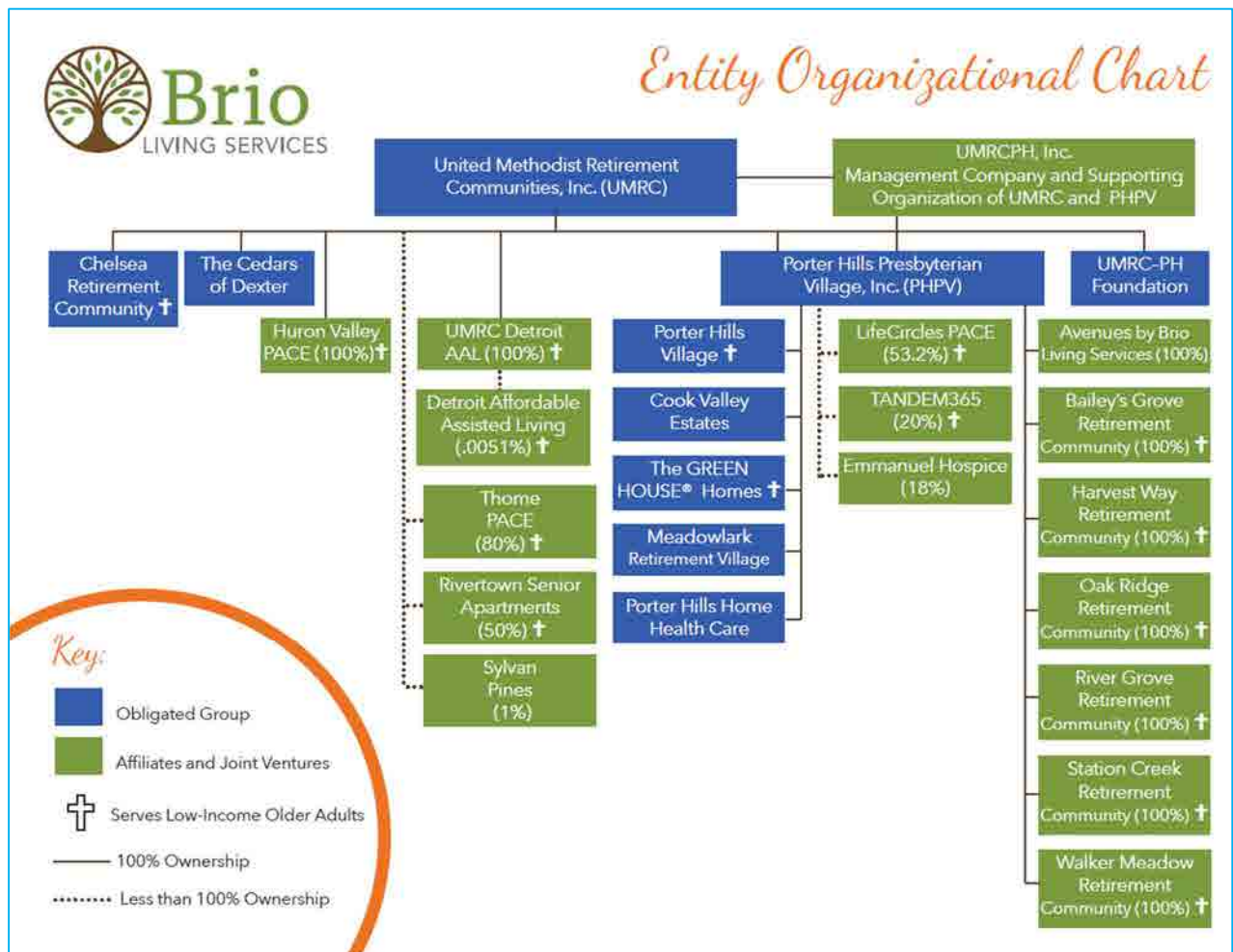
United Methodist Retirement Communities, Inc. (UMRC) is a Michigan nonprofit organization governed by a board of trustees that provides housing, healthcare, and other related senior services. The Obligated Group (OG) special purpose combined financials statements are prepared for the combined entities 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 the participant's 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.
  - LifeCircles – a PACE program in which Brio owns 53.2% of with two other unrelated partners.
  - 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.
  - As of June 30, 2024, Brio no longer has a 20% financial interest in Senior CommUnity Care of Michigan ("SCCMI"), located in Lansing, MI. Brio transferred/assigned its interest in Senior CommUnity Care of Michigan to an unrelated party. Brio has an unsecured note of approximately \$500K due from SCCMI. SCCMI will continue to make payments on this note, so long as SCCMI maintains certain financial guardrails. The note is due in full by December 2026.
- 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.
  - 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**

	6/30/2022	Fiscal Year Ended		
		6/30/2023	6/30/2024	9/30/2024
<b>Independent Living</b>				
Chelsea Retirement Community				
Available Units	172	172	172	172
Average Occupancy	157	160	156	159
Percentage Occupancy	91.3%	93.0%	90.8%	92.4%
Porter Hills Village				
Available Units	178	174	163	166
Average Occupancy	155	154	153	150
Percentage Occupancy	86.9%	88.5%	93.9%	90.4%
Cook Valley				
Available Units	134	134	134	134
Average Occupancy	127	129	127	129
Percentage Occupancy	94.6%	96.3%	94.8%	96.3%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	19	23	23	19
Percentage Occupancy	74.6%	88.5%	87.2%	73.1%
Cedars of Dexter				
Available Units	60	60	60	60
Average Occupancy	59	59	57	59
Percentage Occupancy	98.5%	98.3%	95.5%	98.3%
<b>Assisted Living</b>				
Glazier Commons**				
Available Units	84	84	84	84
Average Occupancy	63	60	62	63
Percentage Occupancy	75.0%	71.4%	73.4%	75.0%
Porter Hills Village				
Available Units	67	67	67	67
Average Occupancy	58	61	55	52
Percentage Occupancy	86.1%	91.0%	82.2%	77.6%
Meadowlark				
Available Units	20	20	20	20
Average Occupancy	19	19	19	18
Percentage Occupancy	95.0%	95.0%	94.4%	90.0%
<b>Memory Care</b>				
Towsley Village				
Available Units	68	68	68	68
Average Occupancy	64	64	65	65
Percentage Occupancy	94.1%	94.1%	95.2%	95.2%
Porter Hills Village				
Available Units	34	34	34	33
Average Occupancy	31.2	29	28	28
Percentage Occupancy	91.8%	85.3%	83.4%	85.9%
Meadowlark				
Available Units	10	10	10	10
Average Occupancy	9.6	9	10	10
Percentage Occupancy	96.0%	90.0%	95.7%	95.7%

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<b>Skilled Nursing</b>				
<b>Kresge</b>				
Available Units	85	85	85	85
Average Occupancy	74	79	81	81
Percentage Occupancy	87.1%	92.9%	95.4%	95.4%
<b>Village HRC*</b>				
Available Units	81	61/39	39	39
Average Occupancy	58	40	37	38
Percentage Occupancy	71.6%	80%	95.1%	97.4%
<b>Green House Homes</b>				
Available Units	20	20	20	20
Average Occupancy	17	19	18	18
Percentage Occupancy	85.0%	95.0%	89.3%	90.0%
<b>Total</b>				
Available Units	1039	984	982	984
Percentage Occupancy	87.6%	92.0%	90.7%	90.3%
<b>Home Care</b>				
Episodes	1,731	1,553	1,720	1,720

\*HRC reduced available beds from 61 to 39 during FY23  
 \*\*18 of the licensed units are not in service at Glazier Commons. Without these units, occupancy would be 95% as of 09/30/2024, 93% in FY24 and 91% in FY23

<b>Kresge Skilled Nursing Facility Payor Mix</b>				
<u>Fiscal Year Ended</u>				
	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>9/30/2024</u>
Medicare & Medicare Advantage	35%	38%	38%	40%
Medicaid	48%	44%	41%	43%
Private & Other	17%	18%	21%	17%

<b>Porter Hills Village Skilled Nursing Payor Mix</b>				
<u>Fiscal Year Ended</u>				
	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>9/30/2024</u>
Medicare/Medicare Advantage	5%	0.5%	0.0%	0.0%
Medicaid	62%	62.0%	63.7%	75.0%
Private & Other	33%	37.5%	36.3%	25.0%

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 09/30/2024		
	6/30/2022	6/30/2023	6/30/2024	Actual	Budget	Variance
Net Service Revenue	61,767,504	64,846,215	69,058,000	17,854,000	17,911,000	(57,000)
Net investment income	4,512,036	1,576,721	2,017,000	1,201,000	332,000	869,000
Contributions	5,867,539	400,874	836,000	38,000	125,000	(87,000)
Other	10,926,448	10,740,816	10,876,000	2,509,000	2,427,000	82,000
<b>Total Operating Revenue</b>	<b>83,073,527</b>	<b>77,564,626</b>	<b>82,787,000</b>	<b>21,602,000</b>	<b>20,795,000</b>	<b>807,000</b>
Operating Expenses	68,297,171	69,265,253	71,840,000	18,087,000	18,030,000	(57,000)
Interest Expense	3,807,995	3,551,716	3,510,000	859,000	969,000	110,000
Depreciation*	13,576,784	13,193,024	13,152,000	3,190,000	3,369,000	179,000
<b>Total Operating Expenses</b>	<b>85,681,950</b>	<b>86,009,993</b>	<b>88,502,000</b>	<b>22,136,000</b>	<b>22,368,000</b>	<b>232,000</b>
<b>Operating Loss</b>	<b>(2,608,423)</b>	<b>(8,445,367)</b>	<b>(5,715,000)</b>	<b>(534,000)</b>	<b>(1,573,000)</b>	<b>1,039,000</b>
Change in fair value of interest rate swap	351,751	117,262	(259,000)	(477,000)	-	(477,000)
Gain (loss) from investment in joint ventures	4,585,387	8,494,816	4,063,000	(126,000)	917,000	(1,043,000)
Net assets released from restriction for capital	408,200	1,429,572	1,852,000	571,000	-	571,000
Other	(8,424,319)	805,202	2,042,200	998,000	(24,000)	1,022,000
<b>Total Other Changes to Net Assets Without Donor Restrictions</b>	<b>(3,078,981)</b>	<b>10,846,852</b>	<b>7,698,200</b>	<b>966,000</b>	<b>893,000</b>	<b>73,000</b>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>(5,687,404)</b>	<b>2,401,485</b>	<b>1,983,200</b>	<b>432,000</b>	<b>(680,000)</b>	<b>1,112,000</b>

\* 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 and 6/30/24 is \$3M and \$744K FYTD 09/30/2024.**

**YTD Operating Loss \$1 million favorable to budget:**

- Operating revenues are favorable to budget due to investment income. Net service revenue is slightly behind budget YTD.
- Operating expenses are favorable to budget due to interest expense and depreciation expense. All other operating expenses are slightly overbudget YTD.

**Non-Operating (Unrestricted) Results**

Non-operating activity is favorable to budget \$73K. See details above for a breakdown of activity and variances.

**Restricted Results**

Restricted net assets increased approximately \$1.5M during the first quarter from investment income and contributions. 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:



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

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Key ratios show the following:

- Net Operating Margin is consistent with budget
- 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.

**Questions are welcome and can be directed to:**

Kalen Carlson, CFO - 616-202-1591 or [kcarlson@mybrio.org](mailto:kcarlson@mybrio.org)

Attached are financial statements as of and YTD through September 30, 2024.

**Capital Financing Arrangements in Place as of June 30, 2024**

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 updated bond purchase agreement has a mandatory tender date of December 2034. The Series 2014 bonds carry a variable interest rate of 79% of one-month SOFR plus 1.58% payable in monthly installments of principal and interest with a maturity date of January 1, 2041. The debt is hedged 50%; the hedged interest rate is 4.662%. The interest rate swap expires December 2034.
- 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 \$1.9M as of June 30, 2024.
- 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, 2024.
- 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



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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.
- In May 2024, the Obligated Group issued direct purchase draw-down tax exempt bonds of \$15M for a new 26-unit independent living project at Porter Hills Village. The bonds are variable rate, with 50% of the notional amount hedged with a swap. The floating rate interest is 79% of (1M SOFR plus 2%). The hedged/fixed rate is 4.95%. The first principal payment is due June 1, 2026. The bonds have a mandatory tender date in 10 years from date of closing. The final maturity date is April 1, 2050.

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.

### **New Independent Living Project at Porter Hills Village- The Ravines**

Brio Living Services Obligated Group is in the process of constructing a new building consisting of 26 IL units on the existing campus of Porter Hills Village. The new project/build is called "The Ravines". Each of the IL units are life lease units. The type of life leases being offered are 50%, 65% and 90% refundable. The Ravines building will replace townhomes that have previously been demolished and taken out of inventory. Construction of the new building commenced in May 2024. See above regarding financing of project.

**Brio Living Services**  
**Balance Sheet - Obligated Group**  
**As of September 30, 2024**

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Home Health - West	Eliminations	Total	Audited
	9/30/2024	9/30/2024	9/30/2024	9/30/2024	9/30/2024	9/30/2024	9/30/2024		9/30/2024	6/30/2024
										Prior FY End
<b>ASSETS</b>										
Current Assets										
Cash and cash equivalents	(82,847)	(8,185)	(275,796)	15,859,188	(27,768)	381,043	(1,469)		15,844,166	16,229,584
Accounts receivable - residents	53,131	4,842	1,143,559	2,068,015	15,011	-	542,640		3,827,198	4,349,533
Prepaid expenses and other assets	30,438	169,855	172,805	1,416,546	34,456	10,160	3,987		1,838,247	1,001,406
AR / (AP) Intercompany	3,631,073	5,461,846	(2,815,714)	6,101,681	(2,729,138)	(444,961)	(8,231,996)		972,791	687,403
<b>Total Current Assets</b>	<b>3,631,795</b>	<b>5,628,358</b>	<b>(1,775,146)</b>	<b>25,445,430</b>	<b>(2,707,439)</b>	<b>(53,758)</b>	<b>(7,686,838)</b>		<b>22,482,402</b>	<b>22,267,926</b>
Investments										
Assets limited as to use	2,608,027	86,273	2,517,176	3,193,851	237,160	73,289,757	-		81,932,244	76,989,930
Property and equipment, net	25,451,849	13,627,684	60,153,173	62,651,861	5,926,061	673,243	51,030		168,534,901	167,888,364
Investment in and notes receivable from afi	-	-	13,851,232	28,768,347	-	-	-	9,996,545	52,616,124	45,921,946
<b>Total Investments</b>	<b>28,059,876</b>	<b>13,713,957</b>	<b>76,521,581</b>	<b>94,614,059</b>	<b>6,163,221</b>	<b>73,963,000</b>	<b>51,030</b>	<b>9,996,545</b>	<b>303,083,269</b>	<b>290,800,240</b>
<b>Total Assets</b>	<b>31,691,671</b>	<b>19,342,315</b>	<b>74,746,435</b>	<b>120,059,489</b>	<b>3,455,782</b>	<b>73,909,242</b>	<b>(7,635,808)</b>	<b>9,996,545</b>	<b>325,565,671</b>	<b>313,068,166</b>
<b>Total Liabilities and Net Assets</b>										
LIABILITIES										
Current Liabilities										
Accounts Payable	271,653	38,213	298,266	216,206	11,765	19,972	5,073		861,148	2,489,896
Current portion of long-term debt	459,543	395,273	526,945	970,000	63,513	-	-		2,415,274	2,415,275
Accrued liabilities and other	466,714	71,982	1,366,330	1,848,520	231,705	69,515	101,965		4,156,731	3,007,169
<b>Total Current Liabilities</b>	<b>1,197,910</b>	<b>505,468</b>	<b>2,191,541</b>	<b>3,034,726</b>	<b>306,983</b>	<b>89,487</b>	<b>107,038</b>		<b>7,433,153</b>	<b>7,912,340</b>
Long Term Liabilities										
Long-term debt - net of current portion	24,894,518	7,793,025	26,273,852	25,524,779	2,253,849	-	-	(1,009,785)	85,730,238	82,749,244
Deferred revenue from entrance fees	12,543,818	4,187,250	8,846,749	3,321,686	-	-	-		28,899,503	28,789,766
Refundable entrance fees	21,567,419	9,147,183	14,333,622	10,670,200	-	-	-		55,718,424	54,880,585
Fair value of interest rate swap	-	(9,788)	601,589	(5,269)	-	-	-		586,532	167,133
<b>Total Long Term Liabilities</b>	<b>59,005,755</b>	<b>21,117,670</b>	<b>50,055,812</b>	<b>39,511,396</b>	<b>2,253,849</b>	<b>-</b>	<b>-</b>	<b>(1,009,785)</b>	<b>170,934,697</b>	<b>166,586,728</b>
<b>Total Liabilities</b>	<b>60,203,665</b>	<b>21,623,138</b>	<b>52,247,353</b>	<b>42,546,122</b>	<b>2,560,832</b>	<b>89,487</b>	<b>107,038</b>	<b>(1,009,785)</b>	<b>178,367,850</b>	<b>174,499,068</b>
NET ASSETS										
Unrestricted	(28,582,790)	(2,340,806)	24,179,113	76,823,330	1,034,842	34,525,725	(7,637,495)	11,006,330	109,008,249	102,358,661
Current year earnings	70,796	59,983	(1,680,031)	615,489	(139,892)	1,609,991	(105,351)		430,985	-
Current year earnings - restricted	-	-	-	-	-	1,548,150	-		1,548,150	-
Restricted	-	-	-	74,548	-	36,135,889	-		36,210,437	36,210,437
<b>Total Net Assets</b>	<b>(28,511,994)</b>	<b>(2,280,823)</b>	<b>22,499,082</b>	<b>77,513,367</b>	<b>894,950</b>	<b>73,819,755</b>	<b>(7,742,846)</b>	<b>11,006,330</b>	<b>147,197,821</b>	<b>138,569,098</b>
<b>Total Liabilities and Net Assets</b>	<b>31,691,671</b>	<b>19,342,315</b>	<b>74,746,435</b>	<b>120,059,489</b>	<b>3,455,782</b>	<b>73,909,242</b>	<b>(7,635,808)</b>	<b>9,996,545</b>	<b>325,565,671</b>	<b>313,068,166</b>

\* Certain classifications vary from actual audit report.

**Brio Living Services**  
**Statement of Activities - Obligated Group**  
**Fiscal Year to Date Ending September 30, 2024**

	Chelsea Retirement							Total	Budget	Variance
	Cook Valley	Cedars of Dexter	Porter Hills Village	Community	Meadowlark	UMRCPH Foundation	Home Health - West			
<b>Operating Revenue</b>										
Net Service Revenue	1,130,969	708,433	5,000,460	9,599,277	718,177	-	696,348	17,853,662	17,910,602	(56,940)
Investment Income - unrestricted	17	-	996	162,504	200	1,037,571	-	1,201,289	332,371	868,917
Entrance Fee Amortization	592,201	114,569	304,780	111,988	-	-	-	1,123,538	1,138,119	(14,580)
Contributions	-	-	-	-	-	38,404	-	38,405	125,000	(86,596)
COVID Funding	-	-	96,824	137,975	-	-	-	234,798	177,200	57,599
Supplemental charges and misc revenue	157,185	1,240	376,437	239,888	11,350	800	24,632	811,532	811,209	323
Net assets released from restriction used in operations	-	-	-	-	-	338,466	-	338,467	300,000	38,466
<b>Total Operating Revenue</b>	<b>1,880,372</b>	<b>824,242</b>	<b>5,779,497</b>	<b>10,251,632</b>	<b>729,727</b>	<b>1,415,241</b>	<b>720,980</b>	<b>21,601,691</b>	<b>20,794,501</b>	<b>807,189</b>
<b>Operating Expenses</b>										
Salaries and wages	310,652	132,371	2,845,416	4,556,568	374,227	247,971	536,350	9,003,554	8,880,360	(123,193)
Employee Benefits	49,654	31,886	536,080	855,009	70,125	46,487	107,683	1,696,925	1,833,399	136,474
Operating supplies & expenses	78,115	38,400	423,278	849,288	50,468	12,487	16,899	1,468,936	1,538,659	69,722
Professional Services & Consultant Fees	27,000	15,075	227,337	157,619	20,561	73,780	4,757	526,128	563,912	37,785
Repairs & maintenance	121,219	58,668	100,126	189,110	12,392	-	-	481,515	467,002	(14,514)
Utilities	143,963	38,571	277,218	252,176	24,888	-	-	736,815	658,455	(78,359)
Depreciation and Amortization	508,478	136,388	650,773	1,076,018	66,954	6,460	827	2,445,897	2,624,900	179,003
Interest	249,352	79,495	219,852	287,484	22,964	-	-	859,148	969,354	110,206
Real Estate Taxes	98,085	73,586	54,415	182,269	16,234	-	-	424,590	413,106	(11,485)
Quality assurance assessment	-	-	12,318	174,739	-	-	-	187,056	190,933	3,877
Other	41,887	5,298	106,459	134,387	7,432	58,197	54,816	408,476	396,820	(11,655)
Management Fees	262,514	125,250	942,750	1,395,500	119,500	90,500	105,000	3,041,013	3,040,257	(757)
Grant Expenses	-	-	2,147	(1,874)	-	111,724	-	111,997	46,548	(65,449)
<b>Total Operating Expenses</b>	<b>1,890,919</b>	<b>734,988</b>	<b>6,398,169</b>	<b>10,108,293</b>	<b>785,745</b>	<b>647,606</b>	<b>826,332</b>	<b>21,392,050</b>	<b>21,623,705</b>	<b>231,655</b>
Sub-total	<b>(10,547)</b>	<b>89,254</b>	<b>(618,672)</b>	<b>143,339</b>	<b>(56,018)</b>	<b>767,635</b>	<b>(105,352)</b>	<b>209,641</b>	<b>(829,204)</b>	<b>1,038,845</b>
Affiliation Acct Appraisal - FMV Depreciation	(71,679)	-	723,708	-	92,322	-	-	744,352	744,351	(1)
<b>Total Operating Income</b>	<b>61,132</b>	<b>89,254</b>	<b>(1,342,380)</b>	<b>143,339</b>	<b>(148,340)</b>	<b>767,635</b>	<b>(105,352)</b>	<b>(534,711)</b>	<b>(1,573,555)</b>	<b>1,038,846</b>
<b>Non-Operating Income (Loss)</b>										
Net unrealized gain / loss on investments	-	-	-	-	-	1,050,463	-	1,050,463	-	1,050,462
Change in fair value of interest rate swap agreements	-	(29,271)	(425,456)	(22,607)	-	-	-	(477,334)	-	(477,333)
Net gain on sale of property	-	-	-	-	-	-	-	-	-	-
Net gain on joint ventures	-	-	2,862	(129,273)	-	-	-	(126,411)	916,803	(1,043,214)
<b>Non-Operating Income (Loss)</b>	<b>-</b>	<b>(29,271)</b>	<b>(422,594)</b>	<b>(151,880)</b>	<b>-</b>	<b>1,050,463</b>	<b>-</b>	<b>446,718</b>	<b>916,803</b>	<b>(470,085)</b>
Net transfers (to) from affiliates	9,664	-	84,943	624,030	8,448	(778,821)	-	(51,736)	(23,500)	(28,236)
Net assets released from restriction for capital	-	-	-	-	-	570,714	-	570,714	-	570,714
<b>Net Income (loss)</b>	<b>70,796</b>	<b>59,983</b>	<b>(1,680,031)</b>	<b>615,489</b>	<b>(139,892)</b>	<b>1,609,991</b>	<b>(105,352)</b>	<b>430,985</b>	<b>(680,252)</b>	<b>1,111,239</b>
<b>Temporarily Restricted net Assets</b>										
Restricted Contributions	-	-	-	-	-	1,093,610	-	1,093,611	1,800,000	(706,390)
Restricted investment income	-	-	-	-	-	1,363,721	-	1,363,720	-	1,363,721
Change in pledges bad debt										
Pledge Bad Debt	-	-	-	-	-	-	-	-	12,500	(12,500)
<b>Total Change in pledges bad debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,500</b>	<b>(12,500)</b>
Change in interest and present value of charitable rema	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction	-	-	-	-	-	(909,180)	-	(909,180)	(300,000)	(609,180)
Increase / (Decrease) in temporarily restricted net assets	-	-	-	-	-	1,548,151	-	1,548,151	1,512,500	35,651
<b>Change in Net Assets</b>	<b>70,796</b>	<b>59,983</b>	<b>(1,680,031)</b>	<b>615,489</b>	<b>(139,892)</b>	<b>3,158,142</b>	<b>(105,352)</b>	<b>1,979,136</b>	<b>832,248</b>	<b>1,146,890</b>

**Brio Living Services, Inc**  
**Obligated Group**  
**Statement of Cash Flows**  
**YTD as of September 30, 2024**

***Cash Flow from Operating Activities***

Increase (decrease) in net assets:	\$1,979,136
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	3,190,249
Amortization of deferred life lease revenue	(1,123,538)
Realized and unrealized (gains)/loss on investments	(3,615,472)
Gain from investments in joint ventures	126,411
Gain on disposal of property and fixed assets	-
Provision for bad debts	49,605
Decrease (increase) in operating assets:	
Accounts receivable	472,730
Accounts receivable - affiliates	(285,388)
Pledges receivable	1,677,952
Prepaid expenses and other current assets	(836,841)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,628,748)
Accrued and other liabilities	1,149,562
Interest rate swap	477,334
Net cash provided by operating activities*	\$1,632,992

***Cash flow from investing activities***

Additions to property and equipment	(3,836,786)
Net investment activity (purchase/sales)	(2,449,129)
Payments on notes receivable	54,000
Net cash used in investing activities	(\$6,231,915)

***Cash flows from financing activities***

Proceeds from construction loan	2,603,270
Proceeds from life lease obligations*	2,627,223
Refund of life lease obligations*	(493,959)
Principal payments on long term debt	(523,029)
Net cash provided by (used in) financing activities	\$4,213,505

<b>Net increase (decrease) in cash and cash equivalents</b>	(385,418)
<b>Cash and Cash equivalents beginning of year</b>	16,229,584
<b>Cash and restricted cash - end of year</b>	<b>\$15,844,166</b>

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

	31	31	30	92				Payer Mix
	Capacity	Jul-24	Aug-24	Sep-24	FYTD	Budget	Payer Mix	Budget
<b>Skilled Nursing</b>								
<b>Kresge</b>	85							
Census		80	81	82	80.84	81		
Occupancy %		94.1%	94.8%	96.4%	95.1%	95.3%		
Budget Occupancy %		95.3%	95.3%	95.3%				
Resident Days		2,480	2,499	2,458	7,437	7,452		
Private Pay		314	327	308	949	1,380	12.76%	18.5%
Medicaid		1,058	1,074	1,077	3,209	3,036	43.15%	40.7%
Medicare		644	648	622	1,914	1,748	25.74%	23.5%
Medicare HMO		355	344	389	1,088	1,012	14.63%	13.6%
Commercial Ins		109	106	62	277	276	3.72%	3.7%
<b>Village HRC</b>	39							
Census		39	38	38	38.6	38		
Occupancy %		100.0%	98.5%	98.5%	99.0%	97.4%		
Budget Occupancy %		97.4%	97.4%	97.4%				
Resident Days		1,209	1,191	1,153	3,553	3,496		
Private Pay		341	314	283	938	1,573	26.4%	45.0%
Medicaid		868	877	870	2,615	1,923	73.6%	55.0%
Medicare		-	-	-	-	-	0.0%	0.0%
Commercial Ins		-	-	-	-	-	0.0%	0.0%
<b>Green House</b>	20							
Census		17	17	19	18	19		
Occupancy %		85.0%	85.0%	94.7%	88.2%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%				
Resident Days		527	527	568	1,622	1,748		
Private Pay		124	124	195	443	736	27.3%	42.1%
Medicaid		403	403	373	1,179	1,012	72.7%	57.9%
Medicare		-	-	-	-	-	0.0%	0.0%
Commercial Ins		-	-	-	-	-	0.0%	0.0%
<b>Assisted Living</b>								
<b>Glazier Commons AL</b>	66							
Census		63	63	63	63	62		
Occupancy %		95.8%	96.0%	95.3%	95.7%	93.9%		
Budget Occupancy %		93.9%	93.9%	93.9%				
Resident Days		1,960	1,965	1,887	5,812	5,704		
<b>Village AL</b>	67							
Census		51	52	52	52	62		
Occupancy %		76.0%	77.5%	77.5%	77.0%	92.7%		
Budget Occupancy %		92.7%	92.7%	92.7%				
Resident Days		1,578	1,609	1,557	4,744	5,713		
<b>Meadowlark AL</b>	20							
Census		19	18	17	18	20		
Occupancy %		94.7%	88.9%	83.2%	89.0%	97.6%		
Budget Occupancy %		97.6%	97.6%	97.5%				
Resident Days		587	551	499	1,637	1,795		

		31	31	30	92			Payer Mix
	Capacity	Jul-24	Aug-24	Sep-24	FYTD	Budget	Payer Mix	Budget
<b>Memory Care</b>								
<b>Towsley Village MC</b>	68							
Census		64	65	65	65	64		
Occupancy %		93.6%	96.1%	95.6%	95.1%	94.1%		
Budget Occupancy %		94.1%	94.1%	94.1%				
Resident Days		1,974	2,026	1,950	5,950	5,888		
<b>Village MC</b>	33							
Census		29	27	29	28	31		
Occupancy %		86.7%	81.6%	87.6%	85.3%	93.9%		
Budget Occupancy %		93.9%	93.9%	93.9%				
Resident Days		887	835	867	2,589	2,852		
<b>Meadowlark MC</b>	10							
Census		9	10	10	10	10		
Occupancy %		90.3%	98.4%	97.3%	95.3%	95.1%		
Budget Occupancy %		95.2%	95.2%	95.0%				
Resident Days		280	305	292	877	875		
<b>Independent Living</b>								
<b>Life Lease Move Ins</b>								
Actual		1	3	4	8			
Budget		3	3	3	9			
<b>Life Lease Move Outs</b>								
Actual		1	6	2	9			
Budget		3	3	3	9			
<b>CRC IL</b>	173							
Census		158	159	160	159	160		
Occupancy %		91.3%	91.7%	92.4%	91.8%	92.5%		
Budget Occupancy %		92.5%	92.5%	92.5%				
Resident Days		4,895	4,917	4,797	14,609	14,720		
<b>Village Center Rental</b>	50							
Census		39	39	39	39	44		
Occupancy %		77.5%	78.8%	78.0%	78.1%	88.0%		
Budget Occupancy %		88.0%	88.0%	88.0%				
Resident Days		1,201	1,222	1,170	3,593	4,048		
<b>Garden Apartments IL</b>	103							
Census		98	98	98	98	98		
Occupancy %		94.8%	95.0%	95.5%	95.1%	95.1%		
Budget Occupancy %		95.1%	95.1%	95.1%				
Resident Days		3,028	3,034	2,952	9,014	9,016		
<b>Village Town Homes IL</b>	13							
Census		13	13	13	13	13		
Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%		
Budget Occupancy %		100.0%	100.0%	100.0%				
Resident Days		403	403	390	1,196	1,196		
<b>Cedars of Dexter IL</b>	60							
Census		60	60	59	59.7	58		
Occupancy %		100.0%	99.9%	98.3%	99.4%	96.7%		
Budget Occupancy %		96.7%	96.7%	96.7%				
Resident Days		1,860	1,858	1,770	5,488			
<b>Cook Valley IL</b>	134							
Census		131	130	126	129.2	130		

		31	31	30	92			Payer Mix
	Capacity	Jul-24	Aug-24	Sep-24	FYTD	Budget	Payer Mix	Budget
Occupancy %		97.8%	97.3%	94.2%	96.4%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%				
Resident Days		4,061	4,041	3,785	11,887			
<b>Meadowlark IL</b>	26							
Census		18	20	20	19	24		
Occupancy %		69.7%	76.4%	76.9%	74.3%	92%		
Budget Occupancy %		92.3%	92.3%	92.3%				
Resident Days		562	616	600	1,778	2,208		

	Capacity	31 Jul-24	31 Aug-24	30 Sep-24	92 FYTD	Budget	Payer Mix	Payer Mix Budget
<b>Home Health</b>								
Episodes		97	68	99	264			
Budgeted Episodes		128	128	128		384		
Visits		24	48	25				
Budgeted Visits		29.7	29.7	29.7				
<b>PACE</b>								
Life Circles Combined								
Total Participants		424	423	428	425	-		
Budget		413	416	418				
Huron Valley PACE								
Total Participants		283	284	287	285	-		
Budget		282	285	287				
Thome PACE								
Total Participants		234	240	243	239	-		
Budget		227	229	230				
<b>Avenues</b>								
Total Members		45	45	45	45	-		
Budget		41	43	45				
<b>Emmanuel Hospice</b>								
# of Days		6,132	6,217	5,804	18,153	5,828		
<b>Affordable Housing</b>								
Bailey's Grove	43							
Census		36	37	37	37	40		
Occupancy %		83.7%	86.0%	86.0%	85.3%	93.0%		
Harvest Way	45							
Census		42	42	43	42	44		
Occupancy %		93.3%	93.3%	95.6%	94.1%	97.8%		
Oak Ridge	45							
Census		41	40	39	40	44		
Occupancy %		91.1%	88.9%	86.7%	88.9%	97.8%		
River Grove	46							
Census		46	45	44	45	44		
Occupancy %		100.0%	97.8%	95.7%	97.8%	95.7%		
Station Creek	49							
Census		47	46	45	46	48		
Occupancy %		95.9%	93.9%	91.8%	93.9%	98.0%		
Walker Meadow	42							
Census		38	38	38	38	40		
Occupancy %		90.5%	90.5%	90.5%	90.5%	95.2%		
Rivertown	80							
Census		63	63	64	63			
Occupancy %		78.8%	78.8%	80.0%	79.2%	81.0%		
Sylvan Pines	98							
Census		95	95	95	95			0.875
Occupancy %		96.9%	96.9%	96.9%	96.9%	97.7%		



**Brio Living Services, Inc. Obligated Group**  
**Days Cash on Hand - Liquidity Covenant**  
**Rolling 12 Months Ended September 30, 2024**

<b>Total Unrestricted Cash and Investments</b>	
Cash and cash equivalents	15,844,000
Assets limited as to use	81,932,000
Deduct Restricted Cash & Investments	
Life lease escrow	(572,000)
Assets limited as to use under indenture	(8,070,000)
Investment with donor restrictions	(37,759,000)
	<b>51,375,000</b>
<b>(A) Total Unrestricted Cash and Investments</b>	<b>51,375,000</b>
 <b>Operating expenses, less certain noncash expenses</b>	
Operating expenses	89,140,000
Deduct:	
Depreciation expense	(13,008,000)
Provision for bad debts	(608,000)
	<b>75,524,000</b>
<b>(B) Operating expenses, less certain noncash expenses</b>	<b>75,524,000</b>
 <b>Days Cash on Hand (A)/[(B)/365]</b>	<b>248</b>
 <b>Required Days Cash on Hand</b>	<b>150</b>

**Brio Living Services, Inc. Obligated Group**  
**Historical Debt Service Coverage Ratio**  
**Rolling 12 Months Ended September 30, 2024**

<b>Total Funds Available for Debt Service</b>	
Increase (Decrease) in net assets without donor restrictions	4,451,000
Add (deduct):	
Depreciation expense	13,008,000
Interest expense	3,518,000
Amortization of entrance fees	(4,685,000)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	15,917,000
Refunds of nonrefundable and refundable entrance fees	(3,245,000)
Net unrealized (gain)/loss on investments	(4,062,000)
Net unrealized (gain)/loss on investment in joint ventures	(2,934,000)
Change in fair value of interest rate swap agreements	728,000
Net transfers to affiliates	122,000
Distribution from joint ventures	1,229,000
Net assets released from restriction for capital purchases	(2,422,000)
<b>(A) Income Available for Debt Services</b>	<u><u>21,625,000</u></u>
<b>(B) Debt Service Requirements</b>	<u><u>6,500,000</u></u>
<b>Historical Debt Service Coverage Ratio (A)/(B)</b>	<u><u>3.3</u></u>
<b>Required Historical Debt Service Coverage Ratio</b>	<u><u>1.2</u></u>

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Chelsea Retirement Community</b>						
Independent Living:						
Entrance Fee	\$37,762-\$443,745	\$39,650-\$465,932	\$40,840-\$489,229	\$71,349-\$518,583	\$74,135-\$560,070	\$78,662-\$616,077
Monthly Fee (incl Rentals)	\$2,040-\$5,570	\$2,110-\$5,764	\$2,173-\$5,937	\$2,257-\$6,352	\$1,889-\$6,712	\$1,965-\$6,981
Assisted Living (daily rate)	\$243-\$295	\$249-\$301	\$249-\$301	\$288-\$312	\$299-\$324	\$312-\$339
Memory Care (daily rate)	\$241-\$295	\$302	\$302	\$314	\$329	\$344
Skilled Nursing Facility (daily rate)	\$302-\$411	\$356-\$423	\$433	\$449	\$471	\$499
<b>Porter Hills Village</b>						
Independent Living:						
Entrance Fee	\$169,007+	\$177,458+	\$186,331+	\$200,306+	\$220,307-\$830,378	\$279,485-\$892,657
Monthly Fee (incl Rentals)	\$1,061-\$1,863	\$1,114-\$1,956	\$1,720-\$3,051	\$2,760-\$3,350	\$2,791-\$3,373	\$2,931-\$3,897
Assisted Living (daily rate)	\$153-\$204	\$159-\$207	\$162-\$212	\$170-\$316	\$176-\$393	\$182-\$402
Memory Care (daily rate)	\$222-\$227	\$222-\$227	\$226-\$316	\$237-\$332	\$246-\$344	\$255-\$356
Skilled Nursing Facility (daily rate)	\$311-\$473	\$324-\$490	\$332-\$515	\$342-\$530	\$424-\$555	\$445-\$578
<b>Cedars of Dexter</b>						
Independent Living:						
Entrance Fee	\$171,499-\$497,596	\$180,073-\$522,475	\$185,475-\$538,149	\$194,749-\$565,065	\$204,486-\$593,309	\$214,710-\$622,974
Monthly Fee	\$2,847-\$3,622	\$2,932-\$3,729	\$3,020-\$3,841	\$3,231-\$4,400	\$3,418-\$4,649	\$3,555-\$4,835
<b>Cook Valley Estates</b>						
Independent Living:						
Entrance Fee	\$254,465+	\$267,189+	\$275,205+	\$283,461+	\$383,427-\$1,270,768	\$412,184-\$1,366,075
Monthly Fee	\$958-\$2,069	\$1,006-\$3,098	\$2,200-\$3,522	\$2,840-\$3,747	\$2,975-\$3,926	\$3,168-\$4,179
<b>Meadowlark Retirement Community</b>						
Independent Living:						
Monthly Fee	\$2,100-\$3,000	\$2,168-\$3,098	\$2,244-\$3,206	\$2,401-\$3,431	\$2,545-\$3,637	\$2,672-\$3,819
Assisted Living (daily rate)	\$4,100-\$5,000	\$4,233-\$5,163	\$4,381-\$5,344	\$4,688-\$5,718	\$4,969-\$6,061	\$5,217-\$6,364
Memory Care (daily rate)	\$6,100	\$6,298	\$6,518	\$6,975	\$7,392	\$7,762

As of September 30, 2024, 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 199 residents on the waitlist for rental units.

As of September 30, 2024, the Cedars of Dexter has a wait list of 67 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of September 30, 2024, Porter Hills Village has a wait list of 77 prospective residents who have escrowed deposits with PHPV for independent living units.

As of September 30, 2024, Cook Valley Estates has a wait list 87 prospective residents who have escrowed refundable deposits for independent living units.

BLOOMFIELD 60870-13 2379159v1

**Brio Living Services, Inc.**

**Active CUSIPS as of September 30, 2024**

<b>CUSIP</b>	<b>Series of Debt</b>
594698KZ4	Series 2013
594698LA8	Series 2013
594698LB6	Series 2013
594698LC4	Series 2013
594698LD2	Series 2013
594698LE0	Series 2013
594698LF7	Series 2013
594698QW5	Series 2019
594698QX3	Series 2019
594698QY1	Series 2019
594698QZ8	Series 2019
594698RA2	Series 2019
594698RB0	Series 2019
594698RC8	Series 2019
594698RD6	Series 2019
386211BB1	Series 2020
386211BC9	Series 2020
386211BD7	Series 2020
594698RQ7	Series 2020
594698RR5	Series 2020
594698RS3	Series 2020