

Brio Living Services, Inc. Obligated Group
2nd 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 second quarter ended December 31, 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

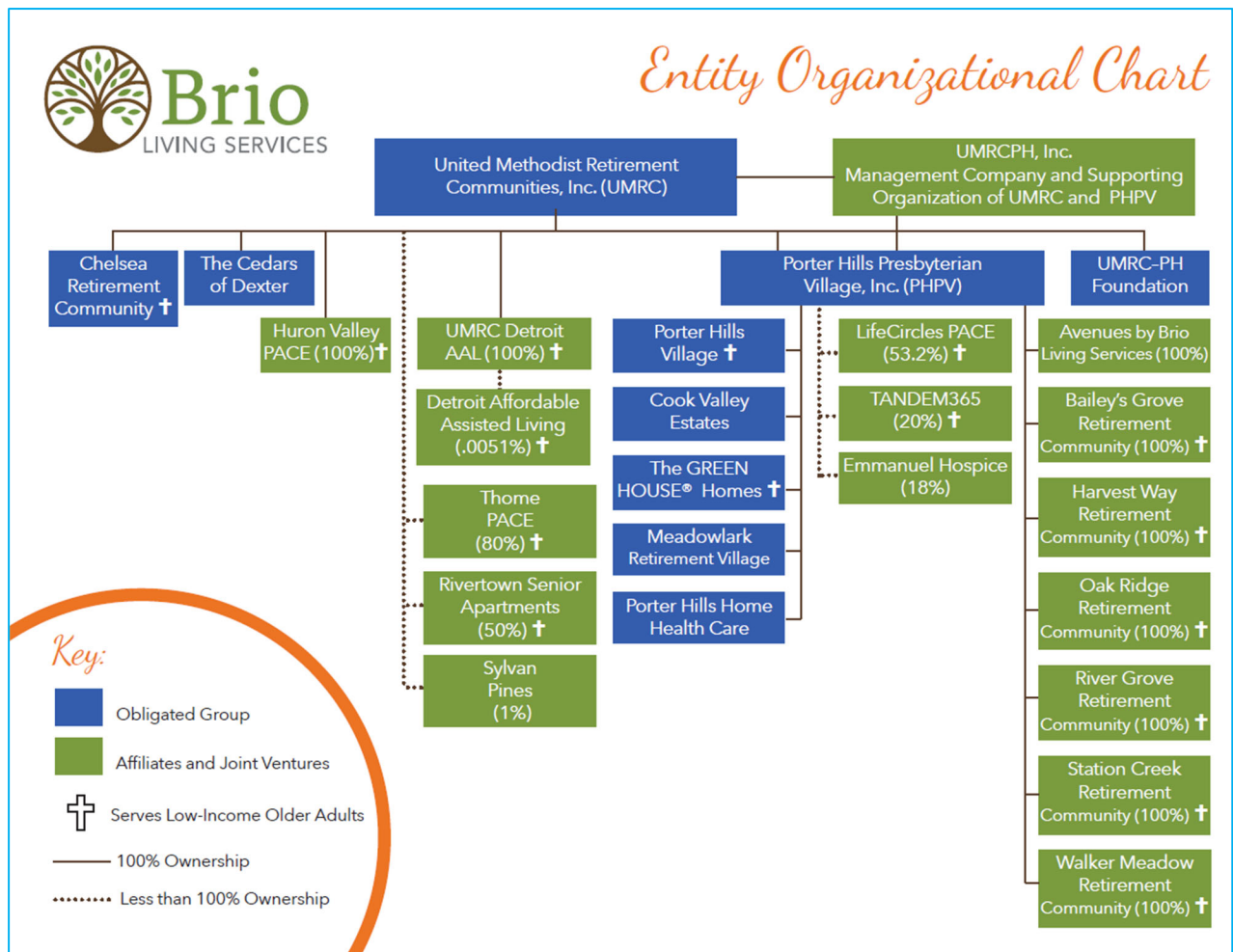
United Methodist Retirement Communities, Inc. (UMRC) is a Michigan nonprofit organization governed by a board of trustees that provides housing, healthcare, and other related senior services. The Obligated Group (OG) special purpose combined financials statements are prepared for the combined entities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

	Fiscal Year Ended			
	6/30/2022	6/30/2023	6/30/2024	12/31/2024
Independent Living				
Chelsea Retirement Community				
Available Units	172	172	172	172
Average Occupancy	157	160	156	161
Percentage Occupancy	91.3%	93.0%	90.8%	93.6%
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	128
Percentage Occupancy	94.6%	96.3%	94.8%	95.5%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	19	23	23	21
Percentage Occupancy	74.6%	88.5%	87.2%	80.8%
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%
Assisted Living				
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	51
Percentage Occupancy	86.1%	91.0%	82.2%	76.1%
Meadowlark				
Available Units	20	20	20	20
Average Occupancy	19	19	19	18
Percentage Occupancy	95.0%	95.0%	94.4%	90.0%
Memory Care				
Towsley Village				
Available Units	68	68	68	68
Average Occupancy	64	64	65	63
Percentage Occupancy	94.1%	94.1%	95.2%	92.6%
Porter Hills Village				
Available Units	34	34	34	33
Average Occupancy	31.2	29	28	27
Percentage Occupancy	91.8%	85.3%	83.4%	81.8%
Meadowlark				
Available Units	10	10	10	10
Average Occupancy	9.6	9	10	9
Percentage Occupancy	96.0%	90.0%	95.7%	90.0%

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Skilled Nursing					
Kresge					
	Available Units	85	85	85	85
	Average Occupancy	74	79	81	82
	Percentage Occupancy	87.1%	92.9%	95.4%	96.7%
Village HRC*					
	Available Units	81	61/39	39	39
	Average Occupancy	58	40	37	38
	Percentage Occupancy	71.6%	80%	95.1%	97.7%
Green House Homes					
	Available Units	20	20	20	20
	Average Occupancy	17	19	18	18
	Percentage Occupancy	85.0%	95.0%	89.3%	90.0%
Total					
	Available Units	1039	984	982	984
	Percentage Occupancy	87.6%	92.0%	90.7%	90.3%
Home Care					
	Episodes and Visits	1,731	1,553	1,720	780

*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 12/31/2024, 93% in FY24 and 91% in FY23

Kresge Skilled Nursing Facility Payor Mix				
	Fiscal Year Ended			
	6/30/2022	6/30/2023	6/30/2024	12/31/2024
Medicare & Medicare Advantage	35%	38%	38%	37%
Medicaid	48%	44%	41%	41%
Private & Other	17%	18%	21%	22%

Porter Hills Village Skilled Nursing Payor Mix				
	Fiscal Year Ended			
	6/30/2022	6/30/2023	6/30/2024	12/31/2024
Medicare/Medicare Advantage	5%	0.5%	0.0%	0.0%
Medicaid	62%	62.0%	63.7%	70.4%
Private & Other	33%	37.5%	36.3%	29.6%

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 12/31/2024		
	6/30/2022	6/30/2023	6/30/2024	Actual	Budget	Variance
Net Service Revenue	61,767,504	64,846,215	69,058,000	35,902,000	35,901,000	1,000
Net investment income	4,512,036	1,576,721	2,017,000	3,825,000	665,000	3,160,000
Contributions	5,867,539	400,874	836,000	563,000	250,000	313,000
Other	10,926,448	10,740,816	10,876,000	5,265,000	4,853,000	412,000
Total Operating Revenue	83,073,527	77,564,626	82,787,000	45,555,000	41,669,000	3,886,000
Operating Expenses	68,297,171	69,265,253	71,840,000	36,645,000	36,127,000	(518,000)
Interest Expense	3,807,995	3,551,716	3,510,000	1,699,000	1,939,000	240,000
Depreciation*	13,576,784	13,193,024	13,152,000	6,324,000	6,739,000	415,000
Total Operating Expenses	85,681,950	86,009,993	88,502,000	44,668,000	44,805,000	137,000
Operating Income (Loss)	(2,608,423)	(8,445,367)	(5,715,000)	887,000	(3,136,000)	4,023,000
Change in fair value of interest rate swap	351,751	117,262	(259,000)	(127,000)	-	(127,000)
Gain (loss) from investment in joint ventures	4,585,387	8,494,816	4,063,000	(507,000)	1,834,000	(2,341,000)
Net assets released from restriction for capital	408,200	1,429,572	1,852,000	930,000	-	930,000
Other	(8,424,319)	805,202	2,042,200	(1,845,000)	(47,000)	(1,798,000)
Total Other Changes to Net Assets Without Donor Restrictions	(3,078,981)	10,846,852	7,698,200	(1,549,000)	1,787,000	(3,336,000)
Increase (Decrease) in Net Assets Without Donor Restrictions	(5,687,404)	2,401,485	1,983,200	(662,000)	(1,349,000)	687,000

YTD Operating Income \$4 million favorable to budget:

- Operating revenues are favorable to budget primarily due to investment income.
- Operating expenses are favorable to budget due to interest expense and depreciation expense. Other operating expenses are overbudget YTD.

Non-Operating (Unrestricted) Results

Non-operating activity is unfavorable to budget \$3.3M. See details above for a breakdown of activity and variances.

Restricted Results

Restricted net assets increased approximately \$2M during the fiscal year 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, but is less than budget and prior year due to unrealized losses YTD and timing of reimbursement of loan proceeds related to the Ravines construction.
- 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

Attached are financial statements as of and YTD through December 31, 2024.

Capital Financing Arrangements in Place as of December 31, 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 proceeds were utilized to create a project fund to fund the remaining Kresge Skilled Nursing construction,

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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.
- In December 2024, Huron Valley Pace closed on one taxable loan and one tax exempt loan. The combined \$4M of loan proceeds will be used towards the purchase and improvement of a new building in Monroe, Michigan. The new site will operate as a second day center for PACE residents. This debt is guaranteed by the Obligated Group of Brio.

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. There are currently 18 depositors. See above regarding financing of project.

Brio Living Services
Balance Sheet - Obligated Group
As of December 31, 2024

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Home Health - West	Eliminations	Total	Audited 6/30/2024 Prior FY End
	12/31/2024	12/31/2024	12/31/2024	12/31/2024	12/31/2024	12/31/2024	12/31/2024		12/31/2024	
ASSETS										
Current Assets										
Cash and cash equivalents	(183,462)	(1,615)	(226,890)	12,125,639	(12,697)	1,412,215	12,508		13,125,698	16,229,584
Accounts receivable - residents	56,588	(3,298)	1,041,602	1,965,166	(2,786)	-	435,502		3,492,774	4,349,533
Prepaid expenses and other assets	27,113	395,847	302,039	1,820,012	34,890	6,773	17,738		2,604,412	1,001,406
AR / (AP) Intercompany	4,221,384	4,895,837	(4,591,102)	10,062,969	(2,815,135)	(637,045)	(8,235,726)		2,901,182	687,403
Total Current Assets	4,121,623	5,286,771	(3,474,351)	25,973,786	(2,795,728)	781,943	(7,769,978)		22,124,066	22,267,926
Investments										
Assets limited as to use	2,399,416	135,284	2,313,937	2,744,512	217,324	72,211,409	-		80,021,882	76,989,930
Property and equipment, net	25,495,572	13,542,877	62,982,047	62,376,256	5,828,923	666,784	49,837		170,942,296	167,888,364
Investment in and notes receivable from a	-	-	13,941,264	21,668,838	-	-	-	9,996,545	45,606,647	45,921,946
Total Investments	27,894,988	13,678,161	79,237,248	86,789,606	6,046,247	72,878,193	49,837	9,996,545	296,570,825	290,800,240
Total Assets	32,016,611	18,964,932	75,762,897	112,763,392	3,250,519	73,660,136	(7,720,141)	9,996,545	318,694,891	313,068,166
Total Liabilities and Net Assets										
LIABILITIES										
Current Liabilities										
Accounts Payable	74,533	56,593	299,490	175,014	31,033	7,017	5,203		648,883	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	164,012	64,765	563,419	1,259,110	192,269	60,513	69,457		2,373,545	3,007,169
Total Current Liabilities	698,088	516,631	1,389,854	2,404,124	286,815	67,530	74,660		5,437,702	7,912,340
Long Term Liabilities										
Long-term debt - net of current portion	24,780,167	7,694,404	29,128,553	25,076,832	2,238,920	-	-	(1,009,785)	87,909,091	82,749,244
Deferred revenue from entrance fees	13,050,446	4,180,095	8,840,443	3,323,297	-	-	-		29,394,281	28,789,766
Refundable entrance fees	22,043,070	8,687,873	14,531,005	10,578,147	-	-	-		55,840,095	54,880,585
Fair value of interest rate swap	-	(12,077)	258,002	(9,435)	-	-	-		236,490	167,133
Total Long Term Liabilities	59,873,683	20,550,295	52,758,003	38,968,841	2,238,920	-	-	(1,009,785)	173,379,957	166,586,728
Total Liabilities	60,571,771	21,066,926	54,147,857	41,372,965	2,525,735	67,530	74,660	(1,009,785)	178,817,659	174,499,068
NET ASSETS										
Unrestricted	(28,582,790)	(2,340,806)	24,179,112	70,173,744	1,034,842	34,525,725	(7,637,494)	11,006,330	102,358,663	102,358,661
Current year earnings	27,630	238,812	(2,564,072)	1,142,135	(310,058)	960,632	(157,307)		(662,228)	-
Current year earnings - restricted	-	-	-	-	-	1,970,360	-		1,970,360	-
Restricted	-	-	-	74,548	-	36,135,889	-		36,210,437	36,210,437
Total Net Assets	(28,555,160)	(2,101,994)	21,615,040	71,390,427	724,784	73,592,606	(7,794,801)	11,006,330	139,877,232	138,569,098
Total Liabilities and Net Assets	32,016,611	18,964,932	75,762,897	112,763,392	3,250,519	73,660,136	(7,720,141)	9,996,545	318,694,891	313,068,166

* Certain classifications vary from actual audit report.

Brio Living Services
Statement of Activities - Obligated Group
Fiscal Year to Date Ending December 31, 2024

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Home Health - West	Total	Budget	Variance
Operating Revenue										
Net Service Revenue	2,255,210	1,398,642	10,097,553	19,265,658	1,416,481	-	1,468,883	35,902,426	35,901,261	1,165
Investment Income - unrestricted	522	-	1,677	302,284	199	3,520,172	-	3,824,854	664,742	3,160,112
Entrance Fee Amortization	1,013,433	312,386	640,481	221,892	-	-	-	2,188,192	2,276,238	(88,046)
Contributions	-	-	-	-	-	562,575	-	562,575	250,000	312,575
COVID Funding	-	-	193,299	327,279	-	-	-	520,578	354,400	166,179
Supplemental charges and misc revenue	416,152	74,167	899,521	491,997	26,209	800	25,132	1,933,980	1,622,419	311,560
Net assets released from restriction used in operation:	-	-	-	-	-	622,011	-	622,011	600,000	22,011
Total Operating Revenue	3,685,317	1,785,195	11,832,531	20,609,110	1,442,889	4,705,558	1,494,015	45,554,616	41,669,060	3,885,556
Operating Expenses										
Salaries and wages	624,766	277,471	5,784,472	9,156,457	741,448	530,127	1,108,168	18,222,909	17,822,332	(400,576)
Employee Benefits	98,793	65,211	1,076,844	1,709,189	138,909	88,562	219,662	3,397,169	3,702,190	305,020
Operating supplies & expenses	167,363	74,844	877,534	1,672,788	102,270	31,912	32,117	2,958,829	3,075,033	116,204
Professional Services & Consultant Fees	58,865	38,656	500,709	374,572	56,034	140,069	7,190	1,176,095	1,112,537	(63,558)
Repairs & maintenance	289,774	129,874	250,419	387,566	27,271	-	-	1,084,904	945,502	(139,402)
Utilities	275,344	88,804	532,100	486,035	53,673	-	-	1,435,956	1,301,842	(134,115)
Depreciation and Amortization	1,009,110	276,142	1,282,467	2,117,508	134,652	12,919	2,019	4,834,818	5,249,800	414,982
Interest	496,581	159,509	424,452	572,598	45,632	-	-	1,698,771	1,938,708	239,938
Real Estate Taxes	196,170	147,171	108,132	364,539	32,467	-	-	848,481	826,211	(22,271)
Quality assurance assessment	-	-	24,637	349,477	-	-	-	374,113	382,330	8,217
Other	69,916	11,220	335,616	217,133	14,588	172,765	72,166	893,404	785,974	(107,429)
Management Fees	525,026	250,500	1,885,500	2,790,998	238,999	181,001	210,000	6,082,025	6,080,513	(1,512)
Grant Expenses	-	-	7,483	(1,014)	-	165,404	-	171,873	93,096	(78,778)
Total Operating Expenses	3,811,708	1,519,402	13,090,365	20,197,846	1,585,943	1,322,759	1,651,322	43,179,347	43,316,068	136,720
Sub-total	(126,391)	265,793	(1,257,834)	411,264	(143,054)	3,382,799	(157,307)	2,375,269	(1,647,008)	4,022,277
Affiliation Acct Appraisal - FMV Depreciation	(143,357)	-	1,447,418	-	184,644	-	-	1,488,704	1,488,702	(2)
Total Operating Income	16,966	265,793	(2,705,252)	411,264	(327,698)	3,382,799	(157,307)	886,565	(3,135,710)	4,022,279
Non-Operating Income (Loss)										
Net unrealized gain / loss on investments	-	-	-	-	-	(1,744,815)	-	(1,744,816)	-	(1,744,816)
Change in fair value of interest rate swap agreements	-	(26,981)	(81,868)	(18,441)	-	-	-	(127,290)	-	(127,290)
Net gain on sale of property	-	-	-	-	-	-	-	-	-	-
Net gain on joint ventures	-	-	92,894	(600,196)	-	-	-	(507,303)	1,833,606	(2,340,909)
Non-Operating Income (Loss)	-	(26,981)	11,026	(618,637)	-	(1,744,815)	-	(2,379,409)	1,833,606	(4,213,015)
Net transfers (to) from affiliates	10,664	-	130,154	1,349,508	17,640	(1,607,710)	-	(99,743)	(47,000)	(52,744)
Net assets released from restriction for capital	-	-	-	-	-	930,359	-	930,359	-	930,359
Net Income (loss)	27,630	238,812	(2,564,072)	1,142,135	(310,058)	960,633	(157,307)	(662,228)	(1,349,104)	686,879
Temporarily Restricted net Assets										
Restricted Contributions	-	-	-	-	-	2,373,833	-	2,373,833	3,900,000	(1,526,167)
Restricted investment income	-	-	-	-	-	1,148,896	-	1,148,896	-	1,148,897
Change in pledges bad debt	-	-	-	-	-	-	-	-	25,000	(25,000)
Pledge Bad Debt	-	-	-	-	-	-	-	-	-	-
Total Change in pledges bad debt	-	-	-	-	-	-	-	-	-	-
Change in interest and present value of charitable rem	-	-	-	-	-	-	-	-	-	-
Net assets released from restriction	-	-	-	-	-	(1,552,370)	-	(1,552,370)	(600,000)	(952,370)
Increase / (Decrease) in temporarily restricted net asset	-	-	-	-	-	1,970,359	-	1,970,359	3,325,000	(1,354,640)
Change in Net Assets	27,630	238,812	(2,564,072)	1,142,135	(310,058)	2,930,992	(157,307)	1,308,131	1,975,896	(667,761)

Brio Living Services, Inc
Obligated Group
Statement of Cash Flows
YTD as of December 31, 2024

<i>Cash Flow from Operating Activities</i>	
Increase (decrease) in net assets:	\$1,308,131
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	6,323,522
Amortization of deferred life lease revenue	(2,188,192)
Realized and unrealized (gains)/loss on investments	(3,228,934)
Gain from investments in joint ventures	507,303
Gain on disposal of property and fixed assets	-
Provision for bad debts	122,000
Decrease (increase) in operating assets:	
Accounts receivable	734,759
Accounts receivable - affiliates	(2,213,779)
Pledges receivable	1,777,934
Prepaid expenses and other current assets	(1,603,006)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,841,013)
Accrued and other liabilities	(633,624)
Interest rate swap	127,290
Net cash provided by operating activities*	<u>(\$807,609)</u>
<i>Cash flow from investing activities</i>	
Additions to property and equipment	(9,377,454)
Net investment activity (purchase/sales)	(813,923)
Payments on notes receivable	33,000
Net cash used in investing activities	<u>(\$10,158,377)</u>
<i>Cash flows from financing activities</i>	
Proceeds from construction loan	5,571,506
Proceeds from life lease obligations*	5,773,407
Refund of life lease obligations*	(2,170,400)
Principal payments on long term debt	(1,312,413)
Net cash provided by (used in) financing activities	<u>\$7,862,100</u>
Net increase (decrease) in cash and cash equivalents	(3,103,886)
Cash and Cash equivalents beginning of year	16,229,584
Cash and restricted cash - end of year	<u>\$13,125,698</u>

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

	31	31	30	31	30	31	184				
	Capacity	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	FYTD	Budget	Payer Mix	Payer Mix Budget
Skilled Nursing											
Kresge	85										
Census		80	81	82	84	84	83	82.23	81		
Occupancy %		94.1%	94.8%	96.4%	98.6%	99.1%	97.6%	96.7%	95.3%		
Budget Occupancy %		95.3%	95.3%	95.3%	95.3%	95.3%	95.3%				
Resident Days		2,480	2,499	2,458	2,597	2,526	2,571	15,131	14,904		
Private Pay		314	327	308	291	355	392	1,987	2,760	13.13%	18.5%
Medicaid		1,058	1,074	1,077	1,154	1,103	1,095	6,561	6,072	43.36%	40.7%
Medicare		644	648	622	648	601	639	3,802	3,496	25.13%	23.5%
Medicare HMO		355	344	389	433	368	428	2,317	2,024	15.31%	13.6%
Commercial Ins		109	106	62	71	99	17	464	552	3.07%	3.7%
Village HRC	39										
Census		39	38	38	38	38	37	38.1	38		
Occupancy %		100.0%	98.5%	98.5%	96.3%	97.2%	95.0%	97.6%	97.4%		
Budget Occupancy %		97.4%	97.4%	97.4%	97.4%	97.4%	97.4%				
Resident Days		1,209	1,191	1,153	1,164	1,137	1,148	7,002	6,992		
Private Pay		341	314	283	310	338	400	1,986	3,146	28.4%	45.0%
Medicaid		868	877	870	854	799	748	5,016	3,846	71.6%	55.0%
Medicare		-	-	-	-	-	-	-	-	0.0%	0.0%
Commercial Ins		-	-	-	-	-	-	-	-	0.0%	0.0%
Green House	20										
Census		17	17	19	20	19	18	18	19		
Occupancy %		85.0%	85.0%	94.7%	97.7%	93.7%	91.5%	91.2%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%				
Resident Days		527	527	568	606	562	567	3,357	3,496		
Private Pay		124	124	195	248	232	157	1,080	1,472	32.2%	42.1%
Medicaid		403	403	373	358	330	410	2,277	2,024	67.8%	57.9%
Medicare		-	-	-	-	-	-	-	-	0.0%	0.0%
Commercial Ins		-	-	-	-	-	-	-	-	0.0%	0.0%
Assisted Living											
Glazier Commons AL	66										
Census		63	63	63	60	62	65	63	62		
Occupancy %		95.8%	96.0%	95.3%	90.9%	93.4%	97.8%	94.9%	93.9%		
Budget Occupancy %		93.9%	93.9%	93.9%	93.9%	93.9%	93.9%				
Resident Days		1,960	1,965	1,887	1,860	1,850	2,000	11,522	11,408		
Village AL	67										
Census		51	52	52	50	51	51	51	62		
Occupancy %		76.0%	77.5%	77.5%	75.1%	75.8%	75.5%	76.2%	92.7%		
Budget Occupancy %		92.7%	92.7%	92.7%	92.7%	92.7%	92.7%				
Resident Days		1,578	1,609	1,557	1,559	1,523	1,568	9,394	11,426		
Meadowlark AL	20										
Census		19	18	17	17	17	17	18	20		
Occupancy %		94.7%	88.9%	83.2%	87.3%	85.5%	86.9%	87.8%	97.6%		
Budget Occupancy %		97.6%	97.6%	97.5%	97.6%	97.5%	97.6%				
Resident Days		587	551	499	541	513	539	3,230	3,590		

		31	31	30	31	30	31	184			
	Capacity	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	FYTD	Budget	Payer Mix	Payer Mix Budget
Memory Care											
Towsley Village MC	68										
Census		64	65	65	66	60	59	63	64		
Occupancy %		93.6%	96.1%	95.6%	96.9%	88.4%	87.4%	93.0%	94.1%		
Budget Occupancy %		94.1%	94.1%	94.1%	94.1%	94.1%	94.1%				
Resident Days		1,974	2,026	1,950	2,042	1,803	1,843	11,638	11,776		
Village MC	33										
Census		29	27	29	29	26	24	27	31		
Occupancy %		86.7%	81.6%	87.6%	88.3%	78.9%	72.0%	82.5%	93.9%		
Budget Occupancy %		93.9%	93.9%	93.9%	93.9%	93.9%	93.9%				
Resident Days		887	835	867	903	781	737	5,010	5,704		
Meadowlark MC	10										
Census		9	10	10	9	6	7	9	10		
Occupancy %		90.3%	98.4%	97.3%	92.9%	63.7%	68.7%	85.3%	95.1%		
Budget Occupancy %		95.2%	95.2%	95.0%	95.2%	95.0%	95.2%				
Resident Days		280	305	292	288	191	213	1,569	1,750		
Independent Living											
Life Lease Move Ins											
Actual		1	3	4	2	2	4	16			
Budget		3	3	3	3	2	2	16			
Life Lease Move Outs											
Actual		1	6	2	2	3	2	16			
Budget		3	3	3	3	2	2	16			
CRC IL	173										
Census		158	159	160	162	163	163	161	160		
Occupancy %		91.3%	91.7%	92.4%	93.7%	94.2%	94.1%	92.9%	92.5%		
Budget Occupancy %		92.5%	92.5%	92.5%	92.5%	92.5%	92.5%				
Resident Days		4,895	4,917	4,797	5,025	4,887	5,044	29,565	29,440		
Village Center Rental	50										
Census		39	39	39	39	38	37	38	44		
Occupancy %		77.5%	78.8%	78.0%	78.6%	75.0%	73.7%	76.9%	88.0%		
Budget Occupancy %		88.0%	88.0%	88.0%	88.0%	88.0%	88.0%				
Resident Days		1,201	1,222	1,170	1,219	1,125	1,142	7,079	8,096		
Garden Apartments IL											
Census	103	98	98	98	100	101	101	99	98		
Occupancy %		94.8%	95.0%	95.5%	97.4%	98.1%	98.1%	96.5%	95.1%		
Budget Occupancy %		95.1%	95.1%	95.1%	95.1%	95.1%	95.1%				
Resident Days		3,028	3,034	2,952	3,110	3,030	3,131	18,285	18,032		
Village Town Homes IL											
Census	13	13	13	13	13	13	13	13	13		
Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	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	2,392		
Cedars of Dexter IL	60										
Census		60	60	59	59	58	58	59.0	58		
Occupancy %		100.0%	99.9%	98.3%	98.3%	97.2%	96.7%	98.4%	96.7%		
Budget Occupancy %		96.7%	96.7%	96.7%	96.7%	96.7%	96.7%				
Resident Days		1,860	1,858	1,770	1,828	1,749	1,798	10,863			
Cook Valley IL	134										
Census		131	130	126	126	126	127	127.7	130		
Occupancy %		97.8%	97.3%	94.2%	94.0%	94.0%	94.6%	95.3%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%	97.0%	97.0%	97.0%				
Resident Days		4,061	4,041	3,785	3,906	3,780	3,929	23,502			
Meadowlark IL	26										
Census		18	20	20	22	23	23	21	24		
Occupancy %		69.7%	76.4%	76.9%	82.8%	88.5%	89.5%	80.6%	92%		
Budget Occupancy %		92.3%	92.3%	92.3%	92.3%	92.3%	92.3%				
Resident Days		562	616	600	667	690	721	3,856	4,416		

	Capacity	31 Jul-24	31 Aug-24	30 Sep-24	31 Oct-24	30 Nov-24	31 Dec-24	184 FYTD	Budget	Payer Mix	Payer Mix Budget
Home Health											
Episodes		97	68	99	132	117	84	597			
Budgeted Episodes		128	128	128	128	128	128		768		
Visits		24	48	25	31	25	30	183			
Budgeted Visits		29.7	29.7	29.7	29.7	29.7	29.7				
PACE											
Life Circles Combined											
Total Participants		424	423	428	433	438	437	431	426		
Budget		413	416	418	421	423	426				
Huron Valley PACE											
Total Participants		283	284	287	278	282	289	284	295		
Budget		282	285	287	290	292	295				
Thome PACE											
Total Participants		234	240	243	242	244	243	241	235		
Budget		227	229	230	232	233	235				
Avenues											
Total Members		45	45	45	46	51	52	47	50		
Budget		41	43	45	46	48	50				
Emmanuel Hospice											
# of Days		6,132	6,217	5,804	6,547	6,538		31,238	29,524		
Affordable Housing											
Bailey's Grove	43										
Census		36	37	37	37	37	37	37	40		
Occupancy %		83.7%	86.0%	86.0%	86.0%	86.0%	86.0%	85.7%	93.0%		
Harvest Way	45										
Census		42	42	43	41	41	41	42	44		
Occupancy %		93.3%	93.3%	95.6%	91.1%	91.1%	91.1%	92.6%	97.8%		
Oak Ridge	45										
Census		41	40	39	39	38	39	39	44		
Occupancy %		91.1%	88.9%	86.7%	86.7%	84.4%	86.7%	87.4%	97.8%		
River Grove	46										
Census		46	45	44	46	45	44	45	44		
Occupancy %		100.0%	97.8%	95.7%	100.0%	97.8%	95.7%	97.8%	95.7%		
Station Creek	49										
Census		47	46	45	44	44	43	45	48		
Occupancy %		95.9%	93.9%	91.8%	89.8%	89.8%	87.8%	91.5%	98.0%		
Walker Meadow	42										
Census		38	38	38	38	36	36	37	40		
Occupancy %		90.5%	90.5%	90.5%	90.5%	85.7%	85.7%	88.9%	95.2%		
Rivertown	80										
Census		63	63	64	63	63	67	64			
Occupancy %		78.8%	78.8%	80.0%	78.8%	78.8%	83.8%	79.8%	81.0%		
Sylvan Pines	98										
Census		95	95	95	96	96	95	95			
Occupancy %		96.9%	96.9%	96.9%	98.0%	98.0%	96.9%	97.3%	97.7%		

Brio Living Services, Inc. Obligated Group
Days Cash on Hand - Liquidity Covenant
Rolling 12 Months Ended December 31, 2024

Total Unrestricted Cash and Investments	
Cash and cash equivalents	13,126,000
Assets limited as to use	80,022,000
Deduct Restricted Cash & Investments	
Life lease escrow	(653,000)
Assets limited as to use under indenture	(7,183,000)
Investment with donor restrictions	(38,181,000)
	47,131,000
(A) Total Unrestricted Cash and Investments	47,131,000
Operating expenses, less certain noncash expenses	
Operating expenses	89,582,000
Deduct:	
Depreciation expense	(12,854,000)
Provision for bad debts	(670,000)
	76,058,000
(B) Operating expenses, less certain noncash expenses	76,058,000
Days Cash on Hand (A)/[(B)/365]	226
Required Days Cash on Hand	150

Brio Living Services, Inc. Obligated Group
Historical Debt Service Coverage Ratio
Rolling 12 Months Ended December 31, 2024

Total Funds Available for Debt Service

Increase (Decrease) in net assets without donor restrictions	(332,000)
Add (deduct):	
Depreciation expense	12,854,000
Interest expense	3,480,000
Amortization of entrance fees	(4,517,000)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	15,625,000
Refunds of nonrefundable and refundable entrance fees	(3,380,000)
Net unrealized (gain)/loss on investments	170,000
Net unrealized (gain)/loss on investment in joint ventures	(2,179,000)
Change in fair value of interest rate swap agreements	327,000
Net transfers to affiliates	122,000
Distribution from joint ventures	819,000
Net assets released from restriction for capital purchases	<u>(1,548,000)</u>

(A) Income Available for Debt Services 21,441,000

(B) Debt Service Requirements 6,500,000

Historical Debt Service Coverage Ratio (A)/(B) 3.3

Required Historical Debt Service Coverage Ratio 1.2

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Chelsea Retirement Community						
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
Porter Hills Village						
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
Cedars of Dexter						
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
Cook Valley Estates						
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
Meadowlark Retirement Community						
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 December 31, 2024, the Chelsea Retirement Community has a wait list of 41 prospective residents who have escrowed deposits with the Corporation for independent living life lease units. There are also approximately 241 residents on the waitlist for rental units.

As of December 31, 2024, the Cedars of Dexter has a wait list of 79 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of December 31, 2024, Porter Hills Village has a wait list of 91 prospective residents who have escrowed deposits with PHPV for independent living units.

As of December 31, 2024, Cook Valley Estates has a wait list of 99 prospective residents who have escrowed refundable deposits for independent living units.

BLOOMFIELD 60870-13 2379159v1

Brio Living Services, Inc.

Active CUSIPS as of December 31, 2024

CUSIP	Series of Debt
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