Brio Living Services, Inc. Obligated Group
1st Quarter 2027 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, 2026.**

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.

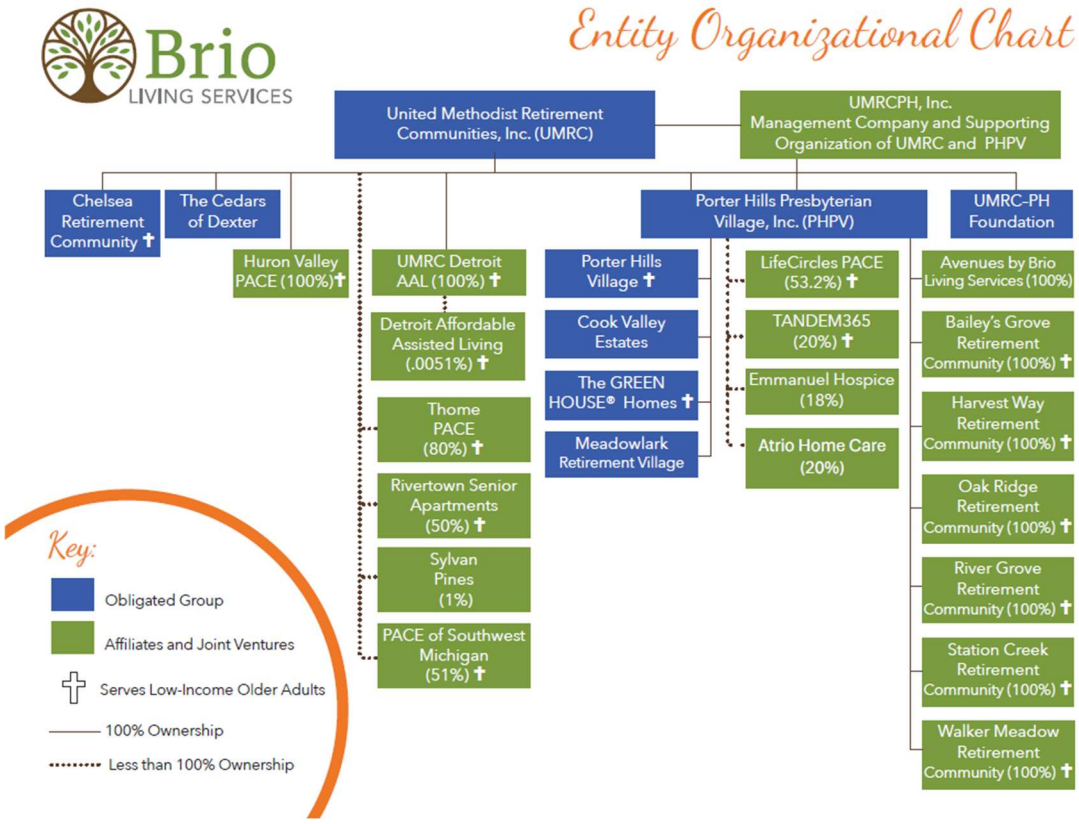
Organization Overview

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.



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.
- 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.
- Porter Hills Home Health Services West was established to provide skilled home care services to the residents of the Western Michigan area. Effective June 30, 2026, Porter Hills Home Health Services West has fully exited the Obligated Group – please refer to the notice posted on July 7, 2026, for more information.

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 four 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 $245K 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.
    - Effective April 1, 2025, Brio finalized a partnership with Region IV Area Agency on Aging, becoming 51% owners of PACE of Southwest Michigan in St. Joseph, Michigan. Southwest Michigan PACE operates a PACE program serving in Berrien, Cass, or Van Buren Counties and opened September 2012.
- 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.

- Atrio Home Care - Effective May 31, 2026, Brio became a 20% equity owner in Atrio Home Care – a certified home health care agency. Brio owns a minority interest in Atrio Home Care.

Census

	Fiscal Year Ended			
	6/30/2024	6/30/2025	6/30/2026	9/30/2026
Independent Living				
Chelsea Retirement Community				
Available Units	172	173	173	173
Average Occupancy	156	164	166	164
Percentage Occupancy	90.8%	94.8%	95.9%	94.5%
Porter Hills Village				
Available Units	163	166	166	166
Average Occupancy	153	150	148	145
Percentage Occupancy	93.9%	90.4%	88.9%	87.3%
The Ravines				
Available Units	0	26	26	26
Average Occupancy	0	7	22	26
Percentage Occupancy	0.0%	26.9%	83.4%	100.0%
Cook Valley				
Available Units	134	134	134	134
Average Occupancy	127	127	130	128
Percentage Occupancy	94.8%	94.5%	96.7%	95.8%
Meadowlark				
Available Units	26	26	26	26
Average Occupancy	23	21	19	20
Percentage Occupancy	87.2%	80.8%	74.0%	75.8%
Cedars of Dexter				
Available Units	60	60	60	60
Average Occupancy	57	58	59	60
Percentage Occupancy	95.5%	97.3%	97.7%	99.8%
Assisted Living				
Glazier Commons*				
Available Units	84	66	66	66
Average Occupancy	62	63	64	63
Percentage Occupancy	73.4%	95.5%	97.6%	96.1%
Porter Hills Village				
Available Units	67	67	66	66
Average Occupancy	55	50	54	53
Percentage Occupancy	82.2%	74.6%	81.6%	80.3%
Meadowlark				
Available Units	20	20	20	20
Average Occupancy	19	17	18	17
Percentage Occupancy	94.4%	85.0%	92.3%	83.0%
Memory Care				
Towsley Village				
Available Units	68	68	68	68
Average Occupancy	65	63	65	64
Percentage Occupancy	95.2%	92.6%	95.2%	94.8%
Porter Hills Village				
Available Units	34	33	33	33
Average Occupancy	28	26	23	24
Percentage Occupancy	83.4%	78.8%	71.0%	72.2%
Meadowlark				
Available Units	10	10	10	10
Average Occupancy	10	9	7	6
Percentage Occupancy	95.7%	90.0%	72.0%	64.0%

	Fiscal Year Ended			
	6/30/2024	6/30/2025	6/30/2026	9/30/2026
Skilled Nursing				
Kresge				
Available Units	85	85	85	85
Average Occupancy	81	82	82	81
Percentage Occupancy	95.4%	96.1%	97.1%	95.7%
Village HRC				
Available Units	39	39	39	39
Average Occupancy	37	38	37	37
Percentage Occupancy	95.1%	96.9%	94.5%	95.8%
Green House Homes				
Available Units	20	20	20	20
Average Occupancy	18	19	19	19
Percentage Occupancy	89.3%	95.0%	97.2%	94.9%
Total				
Available Units	982	993	992	992
Percentage Occupancy	90.7%	90.0%	92.1%	91.5%
Home Care**				
Episodes and Visits	1,720	1,458	1,281	0

*18 of the licensed units are not in service at Glazier Commons. Without these units, occupancy would be 93% in FY24

**Effective June 30, 2026 Home Health Services West has fully exited the Obligated Group

Kresge Skilled Nursing Facility Payor Mix

	Fiscal Year Ended			
	6/30/2024	6/30/2025	6/30/2026	9/30/2026
Medicare & Medicare Advantage	38%	42%	42%	44%
Medicaid	41%	42%	39%	40%
Private & Other	21%	16%	19%	16%

Porter Hills Village Skilled Nursing Payor Mix

	Fiscal Year Ended			
	6/30/2024	6/30/2025	6/30/2026	9/30/2026
Medicare/Medicare Advantage	0.0%	0.0%	0.0%	0.0%
Medicaid	63.7%	69.9%	67.6%	68.9%
Private & Other	36.3%	30.1%	32.4%	31.1%

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.

	Fiscal Year-end			Fiscal Year to Date 9/30/2026		
Summary Statement of Activities	**6/30/2024**	**6/30/2025**	**6/30/2026**	**Actual**	**Budget**	**Variance**
Net Service Revenue	69,058,000	71,267,000	75,325,000	18,665,000	18,468,000	197,000
Net investment income	2,017,000	3,822,000	3,532,000	1,279,000	727,000	552,000
Contributions	836,000	733,000	391,000	70,000	125,000	(55,000)
Other	10,876,000	12,030,000	14,128,000	3,122,000	2,755,000	367,000
Total Operating Revenue	82,787,000	87,852,000	93,376,000	23,136,000	22,075,000	1,061,000
Operating Expenses	71,840,000	74,161,000	76,205,000	18,778,000	18,857,000	79,000
Interest Expense	3,510,000	3,270,000	4,351,000	1,107,000	1,124,000	17,000
Depreciation*	13,152,000	12,953,000	12,979,000	3,129,000	3,399,000	270,000
Total Operating Expenses	88,502,000	90,384,000	93,535,000	23,014,000	23,380,000	366,000
Operating Income (Loss)	(5,715,000)	(2,532,000)	(159,000)	122,000	(1,305,000)	1,427,000
Change in fair value of interest rate swap	(259,000)	(244,000)	717,000	4,139,000	-	4,139,000
Gain (loss) from investment in joint ventures	4,063,000	6,665,000	10,625,000	732,000	508,000	224,000
Net assets released from restriction for capital	1,852,000	1,500,000	4,178,000	303,000	125,000	178,000
Other	2,042,200	270,000	3,195,000	(661,000)	(55,000)	(606,000)
Total Other Changes to Net Assets Without Donor Restrictions	7,698,200	8,191,000	18,715,000	4,513,000	578,000	3,935,000
Increase (Decrease) in Net Assets Without Donor Restrictions	5,166,200	5,659,000	18,556,000	4,635,000	(727,000)	5,362,000

*** 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 6/30/24, 6/30/25, and 6/30/26 is $3M and $744K FYTD 9/30/26.**

YTD Operating Income $1.4 million favorable to budget:

- Operating revenues are favorable to budget primarily due to net service revenue, investment income, and net assets released from restriction. Net assets released include $100K of unrestricted pledge payments that were received during the quarter.
- Operating expenses are favorable to budget due to depreciation and savings in professional fees.

Non-Operating (Unrestricted) Results

Non-operating activity is favorable to budget $3.9M primarily related to the change in fair value of interest rate swaps.

Restricted Results

Restricted net assets decreased approximately $317K primarily from net assets released from restriction. See the statement of activities for more information.

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.

Key ratios show the following:

- Net Operating Margin is favorable to budget primarily from favorable occupancy and reimbursement rates.
- Days Cash on Hand ratio is strong due to positive investment results and from the receipt of entrance fee proceeds from the new Ravines building that opened at Porter Hills Village.
- Debt Service Coverage Ratio is favorable due to income received from net life lease proceeds as well as favorable revenues from realized investment income/gains and net service revenue.

Questions are welcome and can be directed to:
Julie Korson, CFO 616-301-6232 or jkorson@mybrio.org

Attached are financial statements as of and YTD through September 30, 2026.

Capital Financing Arrangements in Place as of September 30, 2026

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 expired November 1, 2019. A forward interest rate swap was entered into December 29, 2017, effective November 1, 2019, through 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 of the loan is $1.1M as of June 30, 2026.
- In 2018 Huron Valley PACE closed on a $5.5M loan to fund construction of an expansion to the existing PACE building. This borrowing is recorded on the Huron Valley PACE financials but is guaranteed by the Brio OG. The balance of the loan is $3.5M as of June 30, 2026.

- 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.
- 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.
- In October 2025, the Obligated Group closed on Series 2025 tax-exempt bank draw-down bonds of up to $113.5M for Phase I of a multi-phase repositioning project at Porter Hills Village. The bonds are variable rate, with 75% of the notional amount hedged with a swap. The floating rate interest is 79% of (1M SOFR plus 1.45%). The hedged/fixed rate is 4.178%. The first principal payment is due May 1, 2030. The bonds have a mandatory tender date in 10 years from date of closing. The final maturity date is May 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.

Brio Living Services
Balance Sheet - Obligated Group
As of September 30, 2026

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Eliminations	Total	Audited
	9/30/2026	9/30/2026	9/30/2026	9/30/2026	9/30/2026	9/30/2026		9/30/2026	6/30/2026
									*Prior FY End
ASSETS									
Current Assets									
Cash and cash equivalents	(240,690)	(16,844)	1,032,521	26,433,226	(12,585)	1,488,923		28,684,551	29,338,202
Accounts receivable - residents	78,013	2,269	460,585	1,871,398	(6,541)	-		2,405,724	3,251,948
Prepaid expenses and other assets	28,998	296,203	154,334	1,352,191	39,130	12,247		1,883,103	1,213,891
AR / (AP) Intercompany	6,525,172	7,546,774	(10,308,280)	1,325,500	(3,216,319)	(474,495)		1,398,352	172,173
Total Current Assets	6,391,493	7,828,402	(8,660,840)	30,982,315	(3,196,315)	1,026,675	-	34,371,730	33,976,214
Investments									
Assets limited as to use	3,067,294	93,434	3,203,888	3,389,415	265,106	84,804,243		94,823,380	88,505,732
Property and equipment, net	26,148,226	13,366,779	101,047,080	64,191,728	4,872,134	622,717		210,248,664	200,472,498
Investment in and notes receivable from affi	-	-	15,493,044	29,681,729	-	-	21,142,714	66,317,487	72,064,147
Total Investments	29,215,520	13,460,213	119,744,012	97,262,872	5,137,240	85,426,960	21,142,714	371,389,531	361,042,377
Total Assets	**35,607,013**	**21,288,615**	**111,083,172**	**128,245,187**	**1,940,925**	**86,453,635**	**21,142,714**	**405,761,261**	**395,018,591**
Total Liabilities and Net Assets									
LIABILITIES									
Current Liabilities									
Accounts Payable	318,662	62,837	121,021	211,120	12,439	34,036		760,115	8,126,128
Current portion of long-term debt	767,996	418,762	404,856	1,050,000	47,150	-		2,688,764	2,688,762
Accrued liabilities and other	487,157	82,907	1,604,876	2,222,848	259,367	82,351		4,739,506	4,705,692
Total Current Liabilities	1,573,815	564,506	2,130,753	3,483,968	318,956	116,387	-	8,188,385	15,520,582
Long Term Liabilities									
Long-term debt - net of current portion	23,310,913	6,960,605	67,105,236	23,271,208	2,163,230	-	(941,814)	121,869,378	105,780,879
Deferred revenue from entrance fees	14,462,334	4,185,621	13,541,620	3,042,863	-	-		35,232,438	34,543,738
Refundable entrance fees	24,489,881	10,644,699	23,130,387	11,992,144	-	-		70,257,111	68,643,184
Fair value of interest rate swap	-	(123,066)	(4,376,693)	(3,071)	-	-		(4,502,830)	131,146
Total Long Term Liabilities	62,263,128	21,667,859	99,400,550	38,303,144	2,163,230	-	(941,814)	222,856,097	209,098,947
Total Liabilities	63,836,943	22,232,365	101,531,303	41,787,112	2,482,186	116,387	(941,814)	231,044,482	224,619,529
NET ASSETS									
Unrestricted	(28,470,849)	(1,145,669)	6,673,120	83,466,236	(286,801)	44,253,117	22,084,528	126,573,682	108,017,256
Current year earnings	240,919	201,919	2,878,749	2,917,291	(254,460)	(1,349,395)		4,635,023	18,556,428
Current year earnings - restricted	-	-	-	-	-	(317,303)		(317,303)	1,724,722
Restricted	-	-	-	74,548	-	43,750,829		43,825,377	42,100,656
Total Net Assets	(28,229,930)	(943,750)	9,551,869	86,458,075	(541,261)	86,337,248	22,084,528	174,716,779	170,399,062
Total Liabilities and Net Assets	**35,607,013**	**21,288,615**	**111,083,172**	**128,245,187**	**1,940,925**	**86,453,635**	**21,142,714**	**405,761,261**	**395,018,591**

* Certain classifications vary from actual audit report.

Brio Living Services
Statement of Activities - Obligated Group
Fiscal Year to Date Ending September 30, 2026

	Cook Valley	Cedars of Dexter	Porter Hills Village	Chelsea Retirement Community	Meadowlark	UMRCPH Foundation	Total	Budget	Variance
Operating Revenue									
Net Service Revenue	1,371,688	777,006	5,569,733	10,303,404	643,311	-	18,665,142	18,467,846	197,296
Investment Income - unrestricted	(62)	-	122	190,625	198	1,088,356	1,279,238	726,825	552,413
Entrance Fee Amortization	494,829	130,355	474,429	160,414	-	-	1,260,027	1,332,376	(72,349)
Contributions	-	-	-	-	-	70,406	70,406	125,000	(54,594)
COVID Funding	-	-	94,500	134,500	-	-	229,000	223,242	5,758
Supplemental charges and misc revenue	347,390	12,835	342,578	288,273	8,828	-	999,905	850,068	149,837
Net assets released from restriction used in operations	-	-	-	-	-	632,325	632,325	350,000	282,325
Total Operating Revenue	2,213,845	920,196	6,481,362	11,077,216	652,337	1,791,087	23,136,043	22,075,357	1,060,686
Operating Expenses									
Salaries and wages	352,279	145,016	3,125,533	4,891,107	406,446	287,091	9,207,472	9,249,750	42,277
Employee Benefits	66,736	33,165	605,926	977,141	67,621	50,424	1,801,013	1,783,333	(17,680)
Operating supplies & expenses	96,940	52,580	427,543	921,116	51,608	13,383	1,563,169	1,595,775	32,607
Professional Services & Consultant Fees	29,810	25,286	185,286	176,968	8,486	56,239	482,075	559,463	77,387
Repairs & maintenance	137,544	79,873	137,861	186,796	15,887	-	557,963	577,360	19,397
Utilities	170,379	41,388	318,651	297,422	27,843	-	855,680	803,243	(52,437)
Depreciation and Amortization	511,703	154,062	742,218	897,816	72,332	6,460	2,384,591	2,654,500	269,910
Interest	250,536	93,223	461,984	275,991	22,849	2,122	1,106,706	1,124,123	17,415
Real Estate Taxes	103,279	81,076	94,842	198,937	17,060	-	495,194	525,779	30,586
Quality assurance assessment	-	-	12,318	180,385	-	-	192,703	197,792	5,088
Other	39,999	3,084	121,969	135,168	6,791	80,051	387,063	362,966	(24,096)
Management Fees	287,058	131,049	1,045,572	1,492,731	117,552	90,939	3,164,901	3,164,160	(741)
Grant Expenses	-	-	-	28,173	-	42,937	71,110	37,500	(33,610)
Total Operating Expenses	2,046,263	839,802	7,279,703	10,659,751	814,475	629,646	22,269,640	22,635,744	366,103
Sub-total	**167,582**	**80,394**	**(798,341)**	**417,465**	**(162,138)**	**1,161,441**	**866,402**	**(560,387)**	**1,426,789**
Affiliation Acct Appraisal - FMV Depreciation	(71,678)	-	723,709	-	92,322	-	744,352	744,351	(1)
Total Operating Income	239,260	80,394	(1,522,050)	417,465	(254,460)	1,161,441	122,050	(1,304,738)	1,426,788
Non-Operating Income (Loss)									
Net unrealized gain / loss on investments	-	-	-	-	-	(660,552)	(660,553)	-	(660,553)
Change in fair value of interest rate swap agreements	-	121,525	4,017,655	(289)	-	-	4,138,891	-	4,138,891
Net gain on joint ventures	-	-	225,060	506,934	-	-	731,994	507,785	224,209
Non-Operating Income (Loss)	-	121,525	4,242,715	506,645	-	(660,552)	4,210,332	507,785	3,702,547
Net transfers (to) from affiliates	1,659	-	158,083	1,993,181	-	(2,152,924)	-	(55,000)	55,000
Net assets released from restriction for capital	-	-	-	-	-	302,640	302,640	125,000	177,640
Net Income (loss)	240,919	201,919	2,878,748	2,917,291	(254,460)	(1,349,395)	4,635,022	(726,953)	5,361,975
Temporarily Restricted net Assets									
Restricted Contributions	-	-	-	-	-	332,594	332,594	1,250,000	(917,406)
Restricted investment income	-	-	-	-	-	285,067	285,067	-	285,068
Net assets released from restriction	-	-	-	-	-	(934,964)	(934,964)	(475,000)	(459,965)
Increase / (Decrease) in temporarily restricted net assets	-	-	-	-	-	(317,303)	(317,303)	775,000	(1,092,303)
Change in Net Assets	**240,919**	**201,919**	**2,878,748**	**2,917,291**	**(254,460)**	**(1,666,698)**	**4,317,719**	**48,047**	**4,269,672**

Brio Living Services, Inc
Obligated Group
Statement of Cash Flows
YTD as of September 30, 2026

Cash Flow from Operating Activities	
Increase (decrease) in net assets:	$ 4,635,022
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	3,128,943
Amortization of deferred life lease revenue	(1,260,027)
Realized and unrealized (gains)/loss on investments	(903,752)
Gain from investments in joint ventures	(731,994)
Provision for bad debts	95,168
Decrease (increase) in operating assets:	
Accounts receivable	751,056
Accounts receivable - affiliates	(1,226,179)
Pledges receivable	209,432
Prepaid expenses and other current assets	(669,212)
Increase (decrease) in operating liabilities:	
Accounts payable	(7,366,013)
Accrued and other liabilities	33,814
Interest rate swap	(4,138,891)
Net cash used in operating activities*	$ (7,442,633)
Cash flow from investing activities	
Additions to property and equipment	(12,905,109)
Net investment activity (purchase/sales)	400,652
Payments on notes receivable	59,410
Net cash used in investing activities	$ (12,445,046)
Cash flows from financing activities	
Proceeds from construction loan	15,559,548
Proceeds from life lease obligations*	4,482,153
Refund of life lease obligations*	(1,133,955)
Principal payments on long term debt	326,283
Net cash provided by financing activities	$ 19,234,029
Net increase (decrease) in cash and cash equivalents	(653,651)
Cash and Cash equivalents beginning of year	29,338,202
Cash and restricted cash - end of year	$ 28,684,551

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

Brio Living Services Inc
Census Report - 2026-27 Fiscal Year

	Capacity	Jul-26	Aug-26	Sep-26	FYTD	Budget	Payer Mix	Payer Mix Budget
Skilled Nursing								
Kresge	85							
Census		81	81	82	81.3	82		
Occupancy %		95.9%	95.2%	95.9%	95.7%	96.5%		
Budget Occupancy %		96.5%	96.5%	96.5%				
Resident Days		2,526	2,509	2,446	7,481	7,544		
Private Pay		315	393	214	922	1,360	12.32%	18.0%
Medicaid		979	1,007	1,036	3,022	1,540	40.40%	20.4%
Medicare		516	485	647	1,648	2,978	22.03%	39.5%
Medicare HMO		643	531	457	1,631	1,509	21.80%	20.0%
Commercial Ins		73	93	92	258	157	3.45%	2.1%
Village HRC	39							
Census		36	38	38	37.4	37		
Occupancy %		93.5%	97.2%	96.8%	95.8%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%				
Resident Days		1,130	1,175	1,132	3,437	3,409		
Private Pay		346	434	289	1,069	1,329	31.1%	39.0%
Medicaid		784	741	843	2,368	2,079	68.9%	61.0%
Medicare		-	-	-	-	-	0.0%	0.0%
Commercial Ins		-	-	-	-	-	0.0%	0.0%
Green House	20							
Census		19	19	19	19.0	19		
Occupancy %		93.4%	95.0%	96.5%	94.9%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%				
Resident Days		579	589	579	1,747	1,748		
Private Pay		176	186	180	542	454	31.0%	26.0%
Medicaid		403	403	399	1,205	1,294	69.0%	74.0%
Medicare		-	-	-	-	-	0.0%	0.0%
Commercial Ins		-	-	-	-	-	0.0%	0.0%
Assisted Living								
Glazier Commons AL	66							
Census		63	63	64	63	64		
Occupancy %		95.9%	95.4%	97.2%	96.1%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%				
Resident Days		1,962	1,952	1,924	5,838	5,888		
Village AL	66							
Census		55	52	52	53	52		
Occupancy %		83.4%	78.7%	78.8%	80.3%	79.1%		
Budget Occupancy %		79.1%	79.1%	79.1%				
Resident Days		1,706	1,610	1,560	4,876	4,805		
Meadowlark AL	20							
Census		18	16	16	17	19		
Occupancy %		89.2%	79.7%	80.2%	83.0%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%				
Resident Days		553	494	481	1,528	1,748		

Brio Living Services Inc
Census Report - 2026-27 Fiscal Year

	Capacity	Jul-26	Aug-26	Sep-26	FYTD	Budget	Payer Mix	Payer Mix Budget
Memory Care								
Towsley Village MC	68							
Census		65	65	64	64	64		
Occupancy %		95.6%	95.1%	93.7%	94.8%	94.1%		
Budget Occupancy %		94.1%	94.1%	94.1%				
Resident Days		2,015	2,005	1,912	5,932	5,890		
Village MC	33							
Census		25	24	23	24	26.8		
Occupancy %		75.2%	71.7%	69.7%	72.2%	81.2%		
Budget Occupancy %		81.2%	81.2%	81.2%				
Resident Days		769	734	690	2,193	2,466		
Meadowlark MC	10							
Census		6	7	7	6	10		
Occupancy %		60.0%	65.8%	66.3%	64.0%	95.0%		
Budget Occupancy %		95.0%	95.0%	95.0%				
Resident Days		186	204	199	589	874		
Independent Living								
Life Lease Move Ins								
Actual		4	3	3	11			
Budget		3	3	3	32			
Life Lease Move Outs								
Actual		3	2	3	11			
Budget		3	3	3	32			
Ravines Life Lease Move Ins								
Actual		0	0	0	-			
Budget		0	0	0	-			
CRC IL	173							
Census		169	164	158	164	163		
Occupancy %		97.5%	94.8%	91.2%	94.5%	94.4%		
Budget Occupancy %		94.4%	94.4%	94.4%				
Resident Days		5,227	5,083	4,733	15,043	15,031		
Village Center Rental	50							
Census		34	32	30	32	32		
Occupancy %		67.5%	64.7%	60.2%	64.2%	64.0%		
Budget Occupancy %		64.0%	64.0%	64.0%				
Resident Days		1,046	1,003	903	2,952	2,944		
Garden Apartments IL								
Census	103	98	99	101	99	99		
Occupancy %		95.2%	96.4%	98.1%	96.5%	96.1%		
Budget Occupancy %		96.1%	96.1%	96.1%				
Resident Days		3,040	3,077	3,030	9,147	9,106		

Brio Living Services Inc
Census Report - 2026-27 Fiscal Year

	Capacity	Jul-26	Aug-26	Sep-26	FYTD	Budget	Payer Mix	Payer Mix Budget
Village Town Homes IL								
Census	13	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		
Village Ravines IL	26							
Census		26	26	26	26	26		
Occupancy %		100.0%	100.0%	100.0%	100.0%	100.0%		
Budget Occupancy %		100.0%	100.0%	100.0%				
Resident Days		806	806	780	2,392	2,392		
Cedars of Dexter IL	60							
Census		60	60	60	60	58		
Occupancy %		99.5%	100.0%	100.0%	99.8%	96.7%		
Budget Occupancy %		96.7%	96.7%	96.7%				
Resident Days		1,851	1,860	1,800	5,511			
Cook Valley IL	134							
Census		128	129	128	128	130		
Occupancy %		95.8%	95.9%	95.7%	95.8%	97.0%		
Budget Occupancy %		97.0%	97.0%	97.0%				
Resident Days		3,978	3,985	3,847	11,810			
Meadowlark IL	26							
Census		19	19	20	20	23		
Occupancy %		74.6%	74.9%	78.1%	75.8%	89%		
Budget Occupancy %		89.4%	89.4%	89.4%				
Resident Days		601	604	609	1,814	2,138		

Brio Living Services Inc
Census Report - 2026-27 Fiscal Year

	Capacity	Jul-26	Aug-26	Sep-26	FYTD	Budget	Payer Mix	Payer Mix Budget
PACE								
Life Circles Combined								
Total Participants		491	496	502	496	469		
Budget		463	467	469				
Huron Valley PACE								
Total Participants		308	308	312	309	320		
Budget		311	316	320				
Thome PACE								
Total Participants		271	270	271	271	258		
Budget		254	256	258				
Pace SW MI								
Total Participants		241	241	242	241			
Budget		286	290	294		294		
Avenues								
Total Members		76	76	77	76	83		
Budget		78	80	83				
Emmanuel Hospice								
# of Days		7,115	6,657	6,481	20,253	18,353		
Affordable Housing								
Bailey's Grove	43							
Census		40	40	41	40	40		
Occupancy %		93.0%	93.0%	95.3%	93.8%	93.0%		
Harvest Way	45							
Census		45	45	45	45	42		
Occupancy %		100.0%	100.0%	100.0%	100.0%	93.3%		
Oak Ridge	45							
Census		44	43	43	43	42		
Occupancy %		97.8%	95.6%	95.6%	96.3%	93.3%		
River Grove	46							
Census		45	45	42	44	43		
Occupancy %		97.8%	97.8%	91.3%	95.7%	93.5%		
Station Creek	49							
Census		48	48	45	47	47		
Occupancy %		98.0%	98.0%	91.8%	95.9%	95.9%		
Walker Meadow	42							
Census		39	40	40	40	39		
Occupancy %		92.9%	95.2%	95.2%	94.4%	92.9%		
Rivertown	80							
Census		73	72	67	71	70		
Occupancy %		91.3%	90.0%	83.8%	88.3%	87.5%		
Sylvan Pines	98							
Census		94	95	97	95	95		
Occupancy %		95.9%	96.9%	99.0%	97.3%	96.9%		

Brio Living Services, Inc. Obligated Group

Days Cash on Hand - Liquidity Covenant

Rolling 12 Months Ended September 30, 2026

Total Unrestricted Cash and Investments	
Cash and cash equivalents	28,685,000
Assets limited as to use	94,823,000
Deduct Restricted Cash & Investments	
Life lease escrow	(1,080,303)
Assets limited as to use under indenture	(8,939,000)
Investment with donor restrictions	(43,508,000)
(A) Total Unrestricted Cash and Investments	**69,980,697**
Operating expenses, less certain noncash expenses	
Operating expenses	93,490,000
Deduct:	
Depreciation expense	(12,897,000)
Provision for bad debts	(190,000)
(B) Operating expenses, less certain noncash expenses	**80,403,000**
Days Cash on Hand (A)/[(B)/365]	**318**
Required Days Cash on Hand	**150**

Brio Living Services, Inc. Obligated Group
Historical Debt Service Coverage Ratio
Rolling 12 Months Ended September 30, 2026

Total Funds Available for Debt Service	
Increase (Decrease) in net assets without donor restrictions	21,485,000
Add (deduct):	
Depreciation expense	12,897,000
Interest expense	4,424,000
Amortization of entrance fees	(5,867,000)
Proceeds from nonrefundable and refundable entrance fees - Turnover units	15,509,000
Refunds of nonrefundable and refundable entrance fees	(4,279,000)
Net unrealized (gain)/loss on investments	(962,000)
Net unrealized (gain)/loss on investment in joint ventures	(10,725,000)
Change in fair value of interest rate swap agreements	(4,875,000)
Net transfers to affiliates	144,000
Net assets released from restriction for capital purchases	(4,445,000)
(A) Income Available for Debt Services	23,306,000
(B) Debt Service Requirements	7,195,000
Historical Debt Service Coverage Ratio (A)/(B)	**3.2**
Required Historical Debt Service Coverage Ratio	**1.2**

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
Chelsea Retirement Community						
Independent Living:						
Entrance Fee	$40,840-$489,229	$71,349-$518,583	$74,135-$560,070	$78,662-$616,077	$48,695-$677,685	$53,565-$745,454
Monthly Fee (incl Rentals)	$2,173-$5,937	$2,257-$6,352	$1,889-$6,712	$1,965-$6,981	$2,024-$7,190	$2,085-$7,406
Assisted Living (daily rate)	$249-$301	$288-$312	$299-$324	$312-$339	$323-$351	$333-$362
Memory Care (daily rate)	$302	$314	$329	$344	$356	$367
Skilled Nursing Facility (daily rate)	$433	$449	$471	$499	$519	$540
Porter Hills Village						
Independent Living:						
Entrance Fee	$186,331+	$200,306+	$220,307-$830,378	$279,485-$892,657	$265,285-$999,776	$297,119-$1,099,754
Monthly Fee (incl Rentals)	$1,720-$3,051	$2,760-$3,350	$2,791-$3,373	$2,931 -$3,897	$3,063-$4,072	$2,900-$4,711
Assisted Living (daily rate)	$162-$212	$170-$316	$176-$393	$182-$402	$182-$402	$186-$410
Memory Care (daily rate)	$226-$316	$237-$332	$246-$344	$255-$356	$255-$356	$260-$363
Skilled Nursing Facility (daily rate)	$332-$515	$342-$530	$424-$555	$445-$578	$458-$592	$472-$607
Cedars of Dexter						
Independent Living:						
Entrance Fee	$185,475-$538,149	$194,749-$565,065	$204,486-$593,309	$214,710-$622,974	$225,446-$654,123	$236,718-$686,829
Monthly Fee	$3,020-$3,841	$3,231-$4,400	$3,418-$4,649	$3,555-$4,835	$3,697-$5,028	$3,808-$5,179
Cook Valley Estates						
Independent Living:						
Entrance Fee	$275,205+	$283,461+	$383,427-$1,270,768	$412,184-$1,366,075	$362,008-$1,475,361	$398,209-$1,662,898
Monthly Fee	$2,200-$3,522	$2,840-$3,747	$2,975-$3,926	$3,168-$4,179	$3,168-$4,388	$3,492-$4,361
Meadowlark Retirement Community						
Independent Living:						
Monthly Fee	$2,244-$3,206	$2,401-$3,431	$2,545-$3,637	$2,672-$3,819	$2,752-$3,934	$2,835-$4,052
Assisted Living	$4,381-$5,344	$4,688-$5,718	$4,969-$6,061	$5,217 -$6,364	$5,478-$6,682	$5,642-$6,882
Memory Care	$6,518	$6,975	$7,392	$7,762	$8,150	$8,558

As of September 30, 2026, the Chelsea Retirement Community has a wait list of 57 prospective residents who have escrowed deposits with the Corporation for independent living life lease units. There are also approximately 376 residents on the waitlist for rental units.

As of September 30, 2026, the Cedars of Dexter has a wait list of 86 prospective residents who have escrowed deposits with the Corporation for independent living units.

As of September 30, 2026, Porter Hills Village has a wait list of 178 prospective residents who have escrowed deposits with PHPV for independent living units.

As of September 30, 2026, Cook Valley Estates has a wait list of 135 prospective residents who have escrowed refundable deposits for independent living units.

Brio Living Services, Inc.

Active CUSIPS as of September 30, 2026

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