

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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**IF THIS FILING RELATES TO A SINGLE BOND ISSUE:**

Provide name of bond issue exactly as it appears on the cover of the Official Statement  
(please include name of state where issuer is located):

\$22,980,000

The Economic Development Corporation of the Village of Chelsea (Michigan)

Revenue and Revenue Refunding Bonds, Series 1998

United Methodist Retirement Communities, Inc.

Provide nine-digit CUSIP\* numbers if available, to which the information relates:

163347BB2

163347BC0

163347BE6

163347BF3

163347BG1

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**IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:**

Issuer's Name (please include name of state where Issuer is located): \_\_\_\_\_

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s), if available, of Issuer: \_\_\_\_\_

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

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**TYPE OF FILING:**

Electronic (number of pages attached) 5  Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: [www.firstriver.com](http://www.firstriver.com)

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**WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)**

A.  Annual Financial Information and Operating Data pursuant to Rule 15c2-12  
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: \_\_\_\_\_

B.  Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: \_\_\_\_\_

C.  Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

- |  |  |
|--|--|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies                                 | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax-exempt status of the security   |
| 2. <input type="checkbox"/> Non-payment related defaults   | 7. <input type="checkbox"/> Modifications to the rights of security holders                                  |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls   |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties   | 9. <input type="checkbox"/> Defeasances  |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform   | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
|  | 11. <input type="checkbox"/> Rating changes  |

D.  Notice of Failure to Provide Annual Financial Information as Required

E.  Quarterly or Monthly Financial Information and Operating Data  
(Financial information and operating data should not be filed with the MSRB.)

Period Covered: \_\_\_\_\_ July – September 2011 (FY2011Q3) \_\_\_\_\_

F.  Other Secondary Market Information (Specify): \_\_\_\_\_ Rating Affirmation Report and Announcement relating thereto \_\_\_\_\_

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

**Issuer Contact:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Email Address \_\_\_\_\_ Issuer Web Site Address \_\_\_\_\_

**Dissemination Agent Contact, if any:**

Name \_\_\_\_\_ Shelley J. Aronson \_\_\_\_\_ Title \_\_\_\_\_ President \_\_\_\_\_  
Employer \_\_\_\_\_ First River Advisory L.L.C. \_\_\_\_\_  
Address \_\_\_\_\_ 2640 Override Drive \_\_\_\_\_ City \_\_\_\_\_ Ann Arbor \_\_\_\_\_ State \_\_\_\_\_ MI \_\_\_\_\_ Zip Code \_\_\_\_\_ 48104 \_\_\_\_\_  
Telephone \_\_\_\_\_ (734) 761-3624 \_\_\_\_\_ Fax \_\_\_\_\_ (734) 761-3614 \_\_\_\_\_  
Email Address \_\_\_\_\_ [aronson@firstriver.com](mailto:aronson@firstriver.com) \_\_\_\_\_ Relationship to Issuer \_\_\_\_\_ Dissemination Agent \_\_\_\_\_

**Obligor Contact, if any:**

Name \_\_\_\_\_ Mark G. Royce, C.P.A. \_\_\_\_\_ Title \_\_\_\_\_ Chief Financial Officer \_\_\_\_\_  
Employer \_\_\_\_\_ United Methodist Retirement Communities, Inc. \_\_\_\_\_  
Address \_\_\_\_\_ 805 West Middle Street \_\_\_\_\_ City \_\_\_\_\_ Chelsea \_\_\_\_\_ State \_\_\_\_\_ MI \_\_\_\_\_ Zip Code \_\_\_\_\_ 48118 \_\_\_\_\_  
Telephone \_\_\_\_\_ (734) 433-1000, ext. 418 \_\_\_\_\_ Fax \_\_\_\_\_ (734) 475-5820 \_\_\_\_\_  
Email Address \_\_\_\_\_ [mroyce@umrc.com](mailto:mroyce@umrc.com) \_\_\_\_\_ Obligor Web Site Address \_\_\_\_\_ [www.umrc.com](http://www.umrc.com) \_\_\_\_\_

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

**UNITED METHODIST RETIREMENT COMMUNITIES, INC.  
805 WEST MIDDLE STREET  
CHELSEA, MI 48118**

**OFFICER'S CERTIFICATE**

**DATED: NOVEMBER 3, 2011**

This Officer's Certificate is delivered pursuant to Section 5.6(a)(ii) of the Loan Agreement between United Methodist Retirement Communities, Inc. (the Corporation) and The Economic Development Corporation of the City of Chelsea (the Issuer), dated as of April 1, 1998. All capitalized terms used herein are as defined in the Loan Agreement or in the Trust Indenture between the Issuer and U.S. Bank National Association, as Trustee, dated as of April 1, 1998.

Attached are internally-prepared quarterly financial statements for the Fiscal Year quarter ended September 30, 2011, including a balance sheet as of such date and a statement of activities and changes in Net Assets for such quarter (the Quarterly Financial Statements). The undersigned certifies that:

1. I am the President and Chief Executive Officer of the Corporation and duly authorized to deliver this Officer's Certificate;
2. the Quarterly Financial Statements have been prepared on substantially the same accounting basis as the Corporation's audited financial statements for its Most Recent Fiscal Year; and
3. the Quarterly Financial Statements are, to the best of my belief, true and correct, but may be subject to audit and Fiscal Year-end adjustments.

The Series 1998 Improvement Project (Towsley Village) has attained Stabilized Occupancy. The Officer's Certificate required by Section 5.6(b)(iii) of the Loan Agreement is no longer required.



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by: John J. Thorhauer  
President and Chief Executive Officer

**UNITED METHODIST RETIREMENT COMMUNITIES, INC.**  
**BALANCE SHEET**

ASSETS	SEPTEMBER 30 <u>2011</u>	DECEMBER 31 <u>2010</u>	LIABILITIES AND NET ASSETS	SEPTEMBER 30 <u>2011</u>	DECEMBER 31 <u>2010</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	6,064,642	3,874,878	Current portion of long-term debt	727,711	727,711
Cash held in escrow	1,106,849	4,896,660	Cedars of Dexter deposits	318,654	643,460
Contributions Receivable - Current	111,129	104,811	Accounts payable	1,187,563	950,559
Accounts Receivable	1,613,576	1,824,830	Accrued and other liabilities	1,457,789	1,084,449
Investments	15,818,071	18,438,659	Deferred Life Lease Revenue	2,342,054	1,360,045
Assets limited as to use	877,349	363,594	Due to third-party payors	-----	-----
Prepaid expenses and other current assets	<u>694,987</u>	<u>452,135</u>	Liability under split-interest agreements	<u>57,671</u>	<u>57,671</u>
Total current assets	26,286,603	29,955,567	Total current liabilities	6,091,442	4,823,895
CONTRIBUTIONS RECEIVABLE	822,753	822,446	LONG TERM DEBT	25,199,657	25,357,289
INVESTMENTS	2,868,036	2,868,036	REFUNDABLE LIFE LEASE PROCEEDS	4,842,680	2,994,580
CEDARS OF DEXTER CONTINGENCY FUND	2,312,453	-----	INTEREST RATE SWAP	288,674	121,941
ASSETS LIMITED AS TO USE	1,253,179	1,235,393	LIABILITY UNDER SPLIT-INTEREST AGREEMENTS	<u>269,009</u>	<u>309,131</u>
PROPERTY AND EQUIPMENT	45,077,400	42,603,015	Total liabilities	36,691,462	33,606,836
OTHER ASSETS			NET ASSETS		
Bond issue costs	598,687	622,368	Unrestricted:		
Revolving loan issuance costs	-----	-----	Undesignated	23,347,319	22,762,397
Investment in Affiliate	-----	-----	Board designated	<u>15,592,109</u>	<u>18,202,361</u>
Beneficial Interest in Perpetual Trusts	219,503	219,503	Total unrestricted	<u>38,939,428</u>	<u>40,964,758</u>
Beneficial Interest in Van Dusen Endowmer	<u>2,514,747</u>	<u>2,514,747</u>	Restricted:		
Total other assets	3,332,937	3,356,618	Temporarily restricted	1,375,854	1,370,174
			Permanently restricted	<u>4,946,617</u>	<u>4,899,307</u>
			Total restricted	<u>6,322,471</u>	<u>6,269,481</u>
			Total net assets	<u>45,261,899</u>	<u>47,234,239</u>
Total assets	<u>81,953,361</u>	<u>80,841,075</u>	Total liabilities and net assets	<u>81,953,361</u>	<u>80,841,075</u>

**UNITED METHODIST RETIREMENT COMMUNITIES, INC.**  
**STATEMENT OF ACTIVITIES**

**NINE MONTHS ENDED SEPTEMBER 30, 2011**

**FY2010**

	<u>Chelsea Retirement Community</u>	<u>Cedars of Dexter</u>	<u>Inter- Company Eliminations</u>	<u>Total</u>	<u>Total</u>
Changes in unrestricted net assets:					
Operating revenue:					
Net resident revenue	19,502,375	593,097		20,095,472	24,227,817
Life Lease revenue		191,786		191,786	99,500
Other	<u>120,492</u>	<u>21,961</u>	<u>(37,503)</u>	<u>104,950</u>	<u>177,568</u>
Total operating revenue	19,622,867	806,844	(37,503)	20,392,208	24,504,885
Operating expenses:					
Health care services:					
Salaries, wages and purchased labor	9,410,864	194,304		9,605,168	12,548,362
Payroll taxes	572,322	12,264		584,586	804,841
Food	584,973	38,385		623,358	779,201
Medical care	764,162	-----		764,162	912,236
Utilities	513,794	55,901		569,695	858,292
Repairs and maintenance	816,413	79,487		895,900	770,381
Supplies	464,850	39,044		503,894	627,253
Insurance	1,750,569	51,005		1,801,574	2,210,108
Provider Tax	260,989	-----		260,989	338,905
Bad debts	106,219	-----		106,219	90,077
Miscellaneous	891,971	99,386	(37,503)	953,854	952,029
Depreciation	1,698,830	360,000		2,058,830	2,391,609
Interest expense	498,247	280,169		778,416	996,730
Real estate taxes	180,725	39,386		220,111	270,665
Cedars of Dexter marketing (fill-up period)	-----	<u>456,603</u>		<u>456,603</u>	<u>642,426</u>
Total operating expenses	<u>18,514,928</u>	<u>1,705,934</u>	<u>(37,503)</u>	<u>20,183,359</u>	<u>25,193,115</u>
Operating Income (Loss) before other operating activities	1,107,939	(899,090)	-----	208,849	(688,230)

**UNITED METHODIST RETIREMENT COMMUNITIES, INC.**  
**STATEMENT OF ACTIVITIES**

NINE MONTHS ENDED SEPTEMBER 30, 2011

FY2010

	Chelsea Retirement Community	Cedars of Dexter	Nonoperating Activities	Total Undesignated	Board Designated	Temporarily Restricted	Permanently Restricted	Total	Total
Other changes in unrestricted net assets									
Contributions			90,799	90,799	12,876	-----	-----	103,675	699,364
Fundraising - Promotion and Development			(273,465)	(273,465)	-----	-----	-----	(273,465)	(377,627)
Investment income			-----	-----	236,191	-----	-----	236,191	458,416
Gains (losses) on sale of investments			-----	-----	232,677	-----	-----	232,677	194,739
Total other operating activities			(182,666)	(182,666)	481,744	-----	-----	299,078	974,892
Operating Income	1,107,939	(899,090)	(182,666)	26,183	481,744	-----	-----	507,927	286,662
Change in obligation to provide future services			-----	-----	-----	-----	-----	-----	-----
Gains (losses) in value of affiliate			-----	-----	-----	-----	-----	-----	-----
Unrealized gains (losses) on investments			-----	-----	(2,345,167)	-----	-----	(2,345,167)	1,716,336
Expenses of East Jefferson project			-----	-----	-----	-----	-----	-----	-----
Change in value of Interest Rate Swap			(166,733)	(166,733)	-----	-----	-----	(166,733)	(121,941)
Impairment of asset / discontinued operations			(21,357)	(21,357)	-----	-----	-----	(21,357)	(507,022)
Other gains (losses)			-----	-----	-----	-----	-----	-----	-----
Gains (losses) on disposal of fixed assets			-----	-----	-----	-----	-----	-----	-----
Net assets released from restrictions			-----	-----	-----	-----	-----	-----	321,895
Transfer of 5% of Heritage balance			746,829	746,829	(746,829)	-----	-----	-----	-----
Transfer of 5% from Holmes Endowment			-----	-----	-----	-----	-----	-----	-----
Transfer of Endowment income			-----	-----	-----	-----	-----	-----	130,122
Transfer from Perm Rest - dissolution of perpetual trust			-----	-----	-----	-----	-----	-----	-----
Transfer of investment income			-----	-----	-----	-----	-----	-----	-----
Other			-----	-----	-----	-----	-----	-----	-----
Total other changes in net assets	-----	-----	558,739	558,739	(3,091,996)	-----	-----	(2,533,257)	1,539,390
Increase (decrease) in unrestricted net assets before cumulative effect of change(s) in accounting principle(s)	1,107,939	(899,090)	376,073	584,922	(2,610,252)	-----	-----	(2,025,330)	1,826,052
Cumulative effect of change(s) in accounting principle(s)	-----	-----	-----	-----	-----	-----	-----	-----	-----
Increase (decrease) in unrestricted net assets	1,107,939	(899,090)	376,073	584,922	(2,610,252)	-----	-----	(2,025,330)	1,826,052
Changes in temporarily restricted net assets:									
Net assets released from restrictions for capital improvements			-----	-----	-----	-----	-----	-----	(321,895)
Contributions			-----	-----	-----	5,680	47,310	52,990	204,203
Change in value of pledge			-----	-----	-----	-----	-----	-----	-----
Transfer from Endowment			-----	-----	-----	-----	-----	-----	352,644
Change in value of split-interest agreements			-----	-----	-----	-----	-----	-----	(14,679)
Increase (decrease) in temporarily restricted net assets	-----	-----	-----	-----	-----	5,680	47,310	52,990	220,273
Changes in permanently restricted net assets:									
Contributions			-----	-----	-----	-----	-----	-----	578,488
Investment income in perpetual trusts			-----	-----	-----	-----	-----	-----	2,886
Investment income - Van Dusen investments			-----	-----	-----	-----	-----	-----	127,236
Investment income - Master Trusts			-----	-----	-----	-----	-----	-----	72,609
Realized gains (losses) on Master trust			-----	-----	-----	-----	-----	-----	28,635
Unrealized gains (losses) on perpetual trusts			-----	-----	-----	-----	-----	-----	12,548
Unrealized gains (losses) on Master Trust			-----	-----	-----	-----	-----	-----	251,400
Unrealized gains (losses) on Van Dusen investments			-----	-----	-----	-----	-----	-----	191,115
Transfer Endowment income to operating			-----	-----	-----	-----	-----	-----	(130,122)
Transfer 5% from Holmes Endowment			-----	-----	-----	-----	-----	-----	-----
Transfer to Temporarily Restricted			-----	-----	-----	-----	-----	-----	(352,644)
Dissolution of Perpetual Trust - transfer to Board Designated			-----	-----	-----	-----	-----	-----	-----
Increase (decrease) in permanently restricted net assets	-----	-----	-----	-----	-----	-----	-----	-----	782,151
Increase (decrease) in net assets	1,107,939	(899,090)	376,073	584,922	(2,610,252)	5,680	47,310	(1,972,340)	2,828,476
Beginning Net Assets				22,762,397	18,202,361	1,370,174	4,899,307	47,234,239	44,405,763
Ending Net Assets				23,347,319	15,592,109	1,375,854	4,946,617	45,261,899	47,234,239

# UNITED METHODIST RETIREMENT COMMUNITIES, INC.

## STATEMENT OF CASH FLOWS

**Nine Months Ended  
September 30, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	(1,972,340)
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Change in value of beneficial interest in perpetual trusts	-----
Change in value of split-interest agreements	-----
Depreciation	2,058,830
Amortization of revolving loan issuance costs	-----
Amortization of 1998 bond issue costs	23,681
Realized and unrealized (gains) losses on investments	2,112,490
Unrealized (gains) losses on Van Dusen investments	-----
Gains (losses) on disposal of fixed assets	-----
Bad debt expense	106,219
Life insurance payment reimbursement due	-----
(Gains) losses from investment in affiliate	-----
Contributions directly to Van Dusen	-----
Proceeds from pledge payments	10,652
New pledges	-----
Contributions restricted for long-term investment	(17,277)
Decrease (increase) in operating assets:	
Accounts receivable	105,035
Prepaid expenses and other current assets	(242,852)
Increase (decrease) in operating liabilities:	
Accounts payable	237,004
Accrued and other liabilities	373,340
Interest Rate Swap	166,733
Liability under split-interest agreements	(40,122)
Net cash provided by operating activities	<u>2,921,393</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Additions to (disposals of) property and equipment	(4,533,215)
Proceeds from sale of property and equipment	-----
Change in limited use assets	(531,541)
(Purchase) of investments	(1,574,599)
Proceeds from sale of investments	2,082,697
Net cash used in investing activities	<u>(4,556,658)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net cash flow from Cedars of Dexter Life Leases	6,295,114
Set-aside Cedars Life Lease proceeds for Contingency Fund	(2,312,453)
Proceeds from contributions restricted for long-term investment	-----
Principal payments on Series 2010 BQ Bonds (The Huntington Bank)	(157,632)
Principal payments on Series 1998 Bonds	-----
Net cash provided by (used in) financing activities:	<u>3,825,029</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,189,764</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<b>3,874,878</b>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<b><u>6,064,642</u></b>