MISSION STATEMENT
Create communities celebrating the lives of seniors

PROMISE
A liberating lifestyle for vital, purpose-driven seniors

VALUES
- Commitment to excellence and innovation
- Anticipating needs and exceeding expectations
- Passionate attention to detail
- Responsible stewardship

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Miss the putt? Among friends, the fun continues undiminished. Friendship Village of South Hills golfers Bill and Carol Gilfillan and George and Ellie Smith know a lot about playing through. Just like Lifespace residents and team members everywhere, they’re connected in all the wonderful ways that keep the adventures lively, the paths clear and the laughter rolling.
I’m proud to tell this story. Lifespace Communities, Inc. creates communities that celebrate the lives of seniors. It’s the story of 2014, of every year previous, and also, I’m sure, of every year to come. We create communities that celebrate - meaning, creating places where people can connect, life to life, solutions to problems, wayfinders to dreamers. Wherever you go in a Lifespace community, you find residents cherishing connections with each other, with team members and with the neighborhoods – indeed, the world – beyond the community’s walls.

Celebrating the lives of seniors is our mission; the countless connections that enrich the lives of Lifespace people are proof we’re achieving our mission.

In 2014, we welcomed new president and CEO Sloan Bentley, which gave us pause to take note of our capabilities. I’m happy to say we’re poised to grow – to build on our financial and operational strengths, and continue to create communities that celebrate and connect the lives of seniors.

When I think back on our 2014 accomplishments under new leadership, what especially stands out is the creation and approval of the 2015-2018 strategic plan. With the organization’s foundational documents as the starting point, the board and senior management assessed Lifespace’s current situation. And then we designed a plan for meeting our communities’ needs and addressing future growth opportunities. A critical guide for Lifespace, this plan is our roadmap into a remarkably promising future.

Our board members and senior leaders are energized. We know that fulfilling our mission requires a disciplined commitment to strategic planning, execution, measurement and evaluation. And yet, we’re so excited about the opportunities ahead. Proud as we are of the success Lifespace has already achieved, we’re eager to press forward into an even more exceptional future as people, ideas and strategies connect … and we celebrate.

Robert C. Kehm
Chairman of the Lifespace Board of Directors
LETTER FROM THE CEO

I look back now in amazement. New to Lifespace in 2014, what I found is an organization primed for growth. We stand strong on a foundation of fiscal responsibility and sound financial decision-making. We’re burgeoning with creative and committed people. And everywhere within our organization, we can see rich possibilities for setting new senior living trends.

What didn’t I find? I didn’t find Lifespace Communities, Inc. willing to wait for me to catch up, and for that, I’m deeply grateful. In fact, I’m especially appreciative of our team members, board members and residents, because your enthusiasm for Lifespace has inspired me. I’ve found you eager to grow, pursue a vision, raise the bar, challenge the status quo and insist on success. We are one in this intent, cohesive from top to bottom and side to side.

We share a passion for senior living, and we love our Lifespace journey.

I also discovered a tradition of strong leadership, and I thank my predecessor CEOs – John Kaduce and Scott Harrison – for their exceptional vision in building Lifespace Communities. Today, we connect their compelling vision to a promising future, and we can be proud of the work that’s been done and the deep-rooted hopes that continue to grow.

We ended 2014 with a noteworthy beginning. In December, a far-reaching strategic plan was presented, and with the board’s January 2015 approval has come a moment of clarity for our organization. Short- and long-term goals are aligned, supporters and stakeholders are united, and we have a plan for moving forward together. It’s measurable. It’s achievable. And it’s exciting.

This annual report’s revealing data and stirring stories tell of a remarkable organization that aspires to be even more than we’ve been and do even more than we’ve done. We don’t, however, allow our ambitions to get in the way of taking care of each other – or of discovering the joy of being in community whenever team members and residents share insight, a laugh or a gift of service.

Genuinely caring, pausing to notice how we can help, and being there to make a difference – these are the connections with each other that count. And that’s how we define Lifespace.

Sloan Bentley
President and CEO

How does your garden grow? For Grand Lodge resident Joe Adamson, the tomatoes look great ... and life’s even better.
ABBEE DELRAY
Apartment homes, villas and Health Center in Delray Beach, Florida.

ABBEE DELRAY SOUTH
Apartment homes, garden homes and Health Center in Delray Beach, Florida.

BEACON HILL
Apartment homes and Health Center in Lombard, Illinois, a Chicagoland suburb.

CLARIDGE COURT
Apartment homes and Health Center in Prairie Village, a Kansas suburb in the Kansas City area.

DEERFIELD
Apartment homes, townhomes and Health Center in Urbandale, a suburb of Des Moines, Iowa.

FRIENDSHIP VILLAGE OF BLOOMINGTON
Apartment homes, townhomes and Health Center in Bloomington, Minnesota.

FRIENDSHIP VILLAGE OF SOUTH HILLS
Apartment homes, carriage homes and Health Center in Upper St. Clair, a suburb of Pittsburgh, Pennsylvania.

GRAND LODGE AT THE PRESERVE
Apartment homes and Health Center in Lincoln, Nebraska.

HARBOUR’S EDGE
Apartment homes and Health Center on the Intracoastal in Delray Beach, Florida.

OAK TRACE
Apartment homes, garden homes, townhomes and Health Center in Downers Grove, Illinois, a Chicagoland suburb.

THE WATERFORD
Apartment homes, villas and Health Center in Juno Beach, Florida.

VILLAGE ON THE GREEN
Apartment homes, villas and Health Center in Longwood, Florida.
To Ann Smith, Claridge Court is home, and not just because she’s lived there for five years. To her, it’s also because her parents were the community’s second residents, and because some of her happiest times visiting with them happened there.

“As soon as they heard the news that Claridge Court was going to be built more than 20 years ago, they knew it was where they wanted to be, and they couldn’t wait to sign up,” Ann says. “They loved everything about it. Not only was it beautiful, but there was something to do all the time.”

But there was one problem. Her father found the new community’s incomplete landscaping a little too barren for his taste.

“He said he couldn’t imagine living in a place without roses, as he was a champion rose grower. So he talked the people here into letting him plant roses and build the gazebo,” Ann says. “His roses won ribbons for Claridge Court. He was very proud of his flowers. And the gazebo is still here.”

Today Ann walks the hallways her parents walked, feeling connected to them.

“I was very close to my parents. It helps me feel closer now, knowing they spent significant amounts of time in some of the places I spend time in now,” she says. “They were proud of their home here, and I guess I always knew in the back of my mind that someday, I would want to come here as well.”

Ann moved to Claridge Court with her husband, Allen. He passed away three years ago, and being so deeply connected with the community helps her cope with his loss. She’s a member of the executive and dining committees, and takes advantage of every other opportunity Claridge Court has to offer.

“Just as in my parents’ time here, there’s something to do all the time,” she says. “I’ve taken bridge lessons. I play gin rummy. There are board games. We line dance. Claridge Court transportation services take us everywhere around town we need to go.

“I’m very happy, and I’m fortunate I learned from my parents that I could have a full life here.”
Lifespace Communities, Inc. is 4,361 residents, 2,827 team members, 12 communities, 7 states and 1 home office. We’re approaching 40, we’re widely respected for our financial strength, and we can show a pretty good track record of performance. Still, these facts don’t answer the question: What and who is Lifespace?

That’s because Lifespace isn’t just the 7th-largest not-for-profit provider of senior living – or any of those other facts. We’re much more. We’re a movement dedicated to vital, purpose-driven seniors ... a mission of service and celebration ... a culture of helping extraordinary people do extraordinary things.

What else makes up the Lifespace culture? Our operational expertise is certainly key. In 2014, we looked long and hard at the needs of our communities and home office. Then we identified operational necessities and began to add team members strategically – increasing both effectiveness and long-term savings.

For example, we hired a vice president/general counsel and a support staff for her office. We also created three regional operations director positions, consolidating communications between communities and the organization. And we added critically needed communications and talent acquisition personnel to the home office.

Investment in qualified, exemplary team members is essential to our reinvestment in our communities. Hiring and retaining quality team members throughout the system – while adhering to the bottom line – is critical to our mission. Good team members help us redevelop and grow our communities and culture.

Our commitment to the Lifespace culture strengthens our operational excellence. To that end, we’re particularly excited to be augmenting our existing cultural success with the introduction of Masterpiece Living® and its successful aging initiative.

The unique synergy of our residents and team members makes up our culture. And in turn, our culture helps make Lifespace an exceptional place to live and work!
When it comes to Living Lifespace, the Lifespace culture program, Beacon Hill has it down to a science.

Teresa Novelli demonstrated what Living Lifespace culture is all about. The director of the Beacon Hill environmental services department worked hard to raise money for Alzheimer’s research. When team members told the home office about Teresa’s efforts, they praised her leadership in coordinating efforts around the Walk to End Alzheimer’s – including a “Jail & Bail” fundraising event leading up to the walk on September 21, 2014.

“For several months, Teresa rallied all of us around a common cause of ending Alzheimer’s,” the team members wrote. “She set goals, developed mechanisms to accomplish them and kept the momentum going. The community of Beacon Hill has grown closer working with Teresa to support this all-important cause.”

Team members also told the home office about leisure services assistant Marc Raben, recognizing him for “providing residents choices with everything he does.” They noted the kindness and compassion Marc demonstrated toward a resident who was afraid logistics would keep her from a musical performance she especially wanted to attend. Marc quickly and deftly solved the problem, earning heartfelt thanks from the resident’s family.

Genuine human connections, whether shared within a larger context or in a poignant moment – these shape the Lifespace experience.
CONNECT: GROWTH

RENOVATIONS AND EXPANSIONS

**ABBEY DELRAY SOUTH** Two-year project, begun in 2012
- Kitchen addition
- Formal dining room renovation
- Alternative dining addition
- Exterior façade renovation
- Security center construction

**TOTAL PROJECT EXPENDITURES:** $8.6 MILLION
**TOTAL 2014 EXPENDITURES:** $800,000

**BEACON HILL** Construction of new commons building, begun in October 2014
- Formal dining room
- Alternative dining addition
- Kitchen
- Auditorium
- Video activity area
- Shipping/loading/environmental services/facility area

**TOTAL PROJECT EXPENDITURES:** $18.7 MILLION
**TOTAL 2014 EXPENDITURES:** $1.6 MILLION

**FRIENDSHIP VILLAGE OF BLOOMINGTON** Dining improvement project, begun in 2013
- Kitchen renovation
- Dining room renovation
- Alternative dining addition

**TOTAL PROJECT EXPENDITURES:** $6 MILLION
**TOTAL 2014 EXPENDITURES:** $1.6 MILLION

**FRIENDSHIP VILLAGE OF SOUTH HILLS** Remodeling begun in 2013; grand reopening celebrated in September 2014
- Auditorium construction
- Wellness center construction
- Alternative dining addition
- Kitchen renovation
- Library renovation

**TOTAL PROJECT EXPENDITURES:** $10.6 MILLION
**TOTAL 2014 EXPENDITURES:** $8.7 MILLION
“Incredible!” says Jean Snodgrass, as she visits with friends in the new lounge and wine bar at Friendship Village of South Hills.

“Nice!” adds fellow resident Paul Cryder, a fan of the new sports bar and lounge on the lower level adjacent to the new café.

On the heels of the $4.5 million Health Center renovations of 2012, more construction wrapped up in 2014. This $10 million renovation project included new dining venues, an expanded fitness center, a new movie theatre and a new auditorium. The entrance area was also renovated, along with a redesigned formal dining room.

“They take such good care of us here, and what they’ve accomplished with all this work is just remarkable,” Jean says. Even the short-term inconveniences of living in the midst of construction proved no match for the indomitable spirit of the community. Long-term, the improvements “make our life here comfortable,” Jean adds. “We love it.”
What makes Lifespace special begins in the Des Moines office of Trish Kellow. Trish is the Lifespace director of talent acquisition. She finds team members with top-notch skills who also have that special Lifespace “something” that differentiates them.

Most of the time, when she reaches out to would-be candidates, they’re surprised. “One of the ways our search strategy has evolved in the past year is we don’t wait for people to come to us. We approach people who are excelling in their current positions and aren’t actively seeking other employment,” Trish says. “We rely on networking – connecting with the terrific team we have now and asking, ‘Who do you know?’ And ‘How do we find more like you?’”

Trish says a stellar resume is required for a Lifespace position. And beyond the qualifications on paper, a prospective Lifespace team member must demonstrate the potential to be committed to our mission.

“First, that person needs to have a genuine passion for serving seniors – and that includes a hospitality mindset and a desire to go above and beyond what’s required,” Trish says. “But then, that person also needs to be someone residents and fellow team members would be happy to spend time with. We spend a lot of time at work, and I want to work with people who enrich the rest of us and make us all better at what we do.”

Trish says she considers herself, first and foremost, a salesperson.

“I’m not only ‘selling’ a position with the enterprise – I’m ‘selling’ an opportunity to work for a company that’s truly different,” she says. “The way we do things here is not the norm. For instance, below the person’s name on our name tags is something that person is passionate about. It’s all about engagement and the connections that make our relationships richer.”

And that engagement doesn’t stop after a team member ceases to be the new kid on the block, she says.

“After we hire you, we’re going to invest in you,” she says. “Every so often, I’ll check in with a team member and say, ‘How are you doing? Do you love it here? Aren’t you glad you came to work for us?’ Sure, I’m having fun with them, but I’m also serious. I want everyone we hire to love to come to work, because ultimately, that feeling of satisfaction filters down to the people we serve.”
Angie Dietrich is a walking, talking example of “giving back.”

The Friendship Village of South Hills resident was recently awarded the American Institute for Public Service’s Jefferson Award for her work with the IRS Volunteer Income Tax Assistance program.

She estimates that over the past several years she has completed more than 2,000 income tax returns for individuals unable to afford to hire a tax preparer. But the 91-year-old is quick to downplay her efforts.

“Why wouldn’t I help?” she says. “I have the ability and the time. It would be wrong not to help.”

During her 33 years of preparing taxes, she says she’s never looked at her volunteer work as a job. In fact, she’s gotten more from it than anyone she helped could have gained.

He spent much of his professional life as an engineer. Then a few years ago, he parlayed that experience into a second career as a building manager. The building he manages has 40 tenants, all of whom “keep me busy most days,” he says.

“I have to stay sharp to deal with their questions and problems and issues,” he said. “Most of them, when they find out how old I am, can’t believe it, and that’s fine with me. As far as I’m concerned, you’re as young as you feel.”

Ed says he never had any intention of retiring – ever - and is glad he’s been able to stay active. In addition to managing his building, Ed continues to be well connected within the Friendship Village community. He serves as resident council president and works out regularly in the community’s state-of-the-art fitness center.

“I’m grateful I can stay active and keep doing what I’m doing,” he says. “Staying active enables me to keep being more active. They say use it or lose it. So whatever ‘it’ is, I have no intention of losing it!”

CONNECT:
EMPOWERMENT
HE DOESN’T FEEL HIS AGE

When most of his friends are just rising, having coffee or perhaps taking a morning stroll, Ed Bather has already been at the office for hours. And while being an early riser may not be all that remarkable in and of itself, it’s a little more remarkable when you know Ed’s 90.

That’s 90. Nine-zero. And he goes to the office five days a week, spending at least six hours there each day before returning home to the Friendship Village of Bloomington residence he shares with his wife.

“People tell me, ‘You ought to slow down!’” Ed says with a laugh. “I tell them, ‘Slowing down will bore the heck out of me.’”

“I’m sure it keeps me younger than if I just sat around,” he says. “I tell them, ‘Slowing down will bore the heck out of me.’”

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CONNECT: SERVICE
FROM TAX PREP TO PEANUT BRITTLE, SHE GIVES AND GIVES

Angie Dietrich, tax preparer and Peanut Brittle Lady at Friendship Village of South Hills

The never bored Ed Bather from Friendship Village of Bloomington

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“People tell me, ‘You ought to slow down!’” Ed says with a laugh. “I tell them, ‘Slowing down will bore the heck out of me.’”

“It gives me such satisfaction to assist people who look upon filing taxes as intimidating,” she says. “It’s gratifying to make the process a little friendlier and more pleasant for them.”

Angie says she hopes to remain physically and mentally able to prepare taxes.

“‘I’m sure it keeps me younger than if I just sat around,’ she says.

Around her community, other residents also connect with Angie as “The Peanut Brittle Lady.” She makes 240 pounds of the candy each year. Some of it goes to friends and family. The rest she sells to raise money for the charitable organizations Friendship Village supports.

“I’m glad people like the peanut brittle, and I’m grateful I can still make it,” she says. “I heard a saying once that if you’re down in the dumps, the best thing you can do is try to make someone else’s life better. It helps you, too. The more I do things for people, the happier I am.”
As a not-for-profit organization, we put our tax-exempt dollars to work creating a positive effect on as many lives as possible. We contribute our resources and our time to organizations that benefit our mission and the individuals we serve. And we embrace this responsibility as that which makes us who we are.

We’re determined to reach beyond our brick-and-mortar structures to serve the larger and broader communities in which we have a presence. Being responsible neighbors is our welcome responsibility.

Some remember their own childhood hunger. Some saw it among family and friends and in their neighborhoods. But no matter how it stirs them now, when Lifespace residents see hunger, they connect, speak up and take action.

In Lincoln, Nebraska, Grand Lodge at the Preserve helps the Food Bank BackPack program for schoolchildren. More than 3,500 are served through the effort, which reaches students throughout Lincoln’s public schools and in rural schools across the southeastern corner of the state.

At the end of the hurricane season in Delray Beach, Florida, Abbey Delray South residents transfer stockpiles of food and toiletries – and add cash donations – to Boynton Beach’s Soup Kitchen ... by the vanload.

In 2014, Friendship Village of Bloomington volunteers prepared 121 boxes of food – a total of more than 4,500 hand-packed meals – for the Feed My Starving Children organization. The charity provides specially formulated meals for malnourished children in 70 different countries.

Friendship Village of South Hills residents broke their own record by collecting more than $20,000 for the Greater Pittsburgh Community Food Bank in 2014. The food bank feeds 120,000 people monthly – including 40,000 children.
An Abbey Delray resident prefers to keep her name private, but is eager to talk about the work awaiting her as she prepares to leave for another afternoon of volunteering at the local animal shelter.

Asked why she gives her time this way, she answers, “I volunteer for all the reasons anyone volunteers – and for other reasons that might be surprising.

“My husband died last year, and even though I have good friends here, I have a lot of time on my hands. When I’m alone, I think about my health problems and my children’s problems and all the problems of the world. And sometimes I start to feel despondent.

“So I volunteer to think about someone other than myself. When I volunteer, I notice I feel better. My headache goes away. I move around, so my knees don’t get stiff. And then, because good work makes me tired, I sleep better that night.

“I also volunteer because the people there appreciate me. They don’t care that I’m old. Neither do the animals. They’re just grateful for the attention. And, oh! They are so sweet.

“But mostly, I volunteer because I was taught that it’s the right thing to do. If I can help someone, and for as long as I can still be helpful, why shouldn’t I?

“And that’s why I give my time the way I do.”
When John Kaduce began his tenure as president and CEO of Life Care Retirement Communities in 1987, the home office consisted of two team members, as an outside firm was providing our management services. From those earliest days, John grew the vision of the organization. He increased its presence and influence – and added a few key people to the home office along the way.

One of those people was Scott Harrison, who began as chief operating officer in 2002. And when John retired in 2007, Scott was asked to take over as president and CEO.

Under Scott’s leadership, the enterprise underwent a major change, renaming itself Lifespace Communities as it became self-managed. What soon emerged was the culture we now know as the Lifespace brand.

Scott retired in 2014, and Sloan Bentley was named president and CEO. In the market-driven business model she has brought to Lifespace, growth and development are essential. She also emphasizes the enhancement of care continuums at every community.

Each CEO has uniquely influenced our organization, helping us grow into the industry leader you find described on these pages. From foundation to excellence, three have led the way, pursuing their vision alongside teams of talented people. John, Scott and now Sloan are the co-authors of the Lifespace story: creating opportunity-rich communities where vital, purpose-driven seniors can celebrate life ... and thrive.
### Community Profiles

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<th>Community</th>
<th>Total Resident Living</th>
<th>Total Assisted Living (Licensure varies by state)</th>
<th>Total Health Center</th>
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<td><strong>730</strong></td>
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*Total Portfolio Occupancy: 4,361

5-Star Rated LifeSpace Communities

10

5-Star rating recognizes community Health Centers offering a "much above average" quality of care.

16.9%

Full-Time Team Member Turnover

Industry-Average Turnover: 24%

Source: LeadingAge

*All numbers represent average occupancy for December 2014
## CONSOLIDATED BALANCE SHEET
### Balance Sheet (in thousands)

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<th>ASSETS</th>
<th>FY 2014</th>
<th>FY 2013</th>
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<tr>
<td>Cash &amp; cash equivalents, investments in trading</td>
<td>$156,135</td>
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<td>portfolio, excluding those whose use is limited</td>
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<tr>
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<td>$57,581</td>
<td>$64,421</td>
</tr>
<tr>
<td>Accounts &amp; other receivables</td>
<td>$11,303</td>
<td>$10,547</td>
</tr>
<tr>
<td>Inventories, prepaid insurance &amp; other</td>
<td>$6,937</td>
<td>$4,588</td>
</tr>
<tr>
<td>Property &amp; equipment, net</td>
<td>$454,035</td>
<td>$443,109</td>
</tr>
<tr>
<td>Goodwill</td>
<td>$52,823</td>
<td>$52,823</td>
</tr>
<tr>
<td>Deferred expenses</td>
<td>$8,243</td>
<td>$9,254</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$747,057</strong></td>
<td><strong>$743,306</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES &amp; NET ASSETS</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable, deposits &amp; accrued liabilities</td>
<td>$30,869</td>
<td>$33,578</td>
</tr>
<tr>
<td>Entrance fee &amp; Health Center refunds</td>
<td>$31,543</td>
<td>$29,228</td>
</tr>
<tr>
<td>Notes &amp; bonds payable</td>
<td>$193,734</td>
<td>$202,987</td>
</tr>
<tr>
<td>Deferred entrance fees</td>
<td>$161,251</td>
<td>$149,599</td>
</tr>
<tr>
<td>Refundable entrance fees</td>
<td>$411,616</td>
<td>$411,986</td>
</tr>
<tr>
<td>Estimated obligation to provide future services in</td>
<td>$11,584</td>
<td>$15,227</td>
</tr>
<tr>
<td>excess of amounts received or to be received</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; NET ASSETS</strong></td>
<td><strong>$840,597</strong></td>
<td><strong>$842,605</strong></td>
</tr>
</tbody>
</table>

---

## FOUNDATION FINANCIAL STATEMENTS
### Balance Sheet (in thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; investments</td>
<td>$6,408</td>
<td>$6,252</td>
</tr>
<tr>
<td>Other assets</td>
<td>$817</td>
<td>$699</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$7,225</strong></td>
<td><strong>$6,951</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES &amp; NET ASSETS</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$322</td>
<td>$90</td>
</tr>
<tr>
<td>Gift annuity obligations</td>
<td>$374</td>
<td>$568</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; NET ASSETS</strong></td>
<td><strong>$7,225</strong></td>
<td><strong>$6,951</strong></td>
</tr>
</tbody>
</table>

---

### STATEMENT OF OPERATIONS & CHANGES IN NET ASSETS (in thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$1,037</td>
<td>$843</td>
</tr>
<tr>
<td>Investment income</td>
<td>$341</td>
<td>$92</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,378</strong></td>
<td><strong>$935</strong></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>$184</td>
<td>$121</td>
</tr>
<tr>
<td>Change in actuarial obligation gift annuities</td>
<td>-$98</td>
<td>$11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$86</strong></td>
<td><strong>$132</strong></td>
</tr>
<tr>
<td>Assets released from restrictions for Foundation</td>
<td>-$1,056</td>
<td>-$849</td>
</tr>
<tr>
<td>projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$236</td>
<td>-$46</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS AT BEGINNING OF YEAR</th>
<th>FY 2013</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td><strong>$6,529</strong></td>
<td><strong>$6,293</strong></td>
</tr>
</tbody>
</table>

---
**CONNECT: BOTTOM LINE**

<table>
<thead>
<tr>
<th>OPERATING REVENUE</th>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly fees</td>
<td>$116,937</td>
<td>$113,155</td>
</tr>
<tr>
<td>Entrance fees earned</td>
<td>$27,285</td>
<td>$24,922</td>
</tr>
<tr>
<td>Ancillary &amp; other services</td>
<td>$66,430</td>
<td>$62,900</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td><strong>$210,652</strong></td>
<td><strong>$200,977</strong></td>
</tr>
</tbody>
</table>

| OPERATING EXPENSES | |
|-------------------|---------|---------|
| Team member costs | $106,056| $101,066|
| Ancillary & other services | $10,003| $9,327|
| Other             | $60,559 | $55,502|
| **TOTAL OPERATING EXPENSES** | **$176,618** | **$165,895** |
| **MARGIN**        | **$34,034** | **$35,082** |

**REVENUE, EXCLUDING INVESTMENT INCOME AND ENTRANCE FEE AMORTIZATION**

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$132,050</td>
<td>$137,444</td>
<td>$154,022</td>
<td>$168,925</td>
<td>$176,055</td>
<td>$183,367</td>
</tr>
</tbody>
</table>

Harbour’s Edge resident Claire Clydesdale enjoys a swim under Florida’s blue skies
Central to the Lifespace mission is a promise of benevolent care. Support from the Foundation, provided through donations, makes such care possible – without compromising overall levels of service delivery.

If Lifespace residents who saved and planned responsibly for retirement arrive at a day when they’ve outlived their financial resources through no fault of their own, the Foundation’s support means they can remain in their communities.

As a not-for-profit, Lifespace turns excess revenue into physical plant updates and service enhancements. The Foundation’s support means these community improvements can continue undiminished, because benevolent care needs will come from the Foundation, rather than drawing down the excess revenue funds.

In 2014, as in years before, contributions to the Foundation continued to grow – not only for benevolent care, but for the Foundation’s other philanthropic activities at all 12 communities.

In only our fifth year of self-management and our second year with a Foundation presence in the home office, here are a few projects – in addition to fundraising for benevolence – the Lifespace Foundation helped fund or augment in 2014:

- Foundation gifts paid for the creation of an Abbey Delray South butterfly garden to give local lepidopterists specimens to study – and give other residents a peaceful place to relax and enjoy nature.

- A family’s $25,000 gift to the Foundation enhanced the area around Beacon Hill’s pond, allowing residents to walk and relax in safe and serene surroundings.

- After a Foundation gift funded Deerfield’s holiday light display, it was featured on local news broadcasts and viewed by residents throughout the Des Moines metropolitan area.

- Residents can now take better advantage of outdoor activities after a family’s donation built a new patio at Grand Lodge at the Preserve.

- A $32,000 gift from a resident helped refurbish the Harbour’s Edge elevators.

Benefiting residents personally and making improvements throughout our communities, gifts to the Foundation are important – and at the heart of our mission. For more information about making a difference through the Lifespace Foundation, visit LifespaceFoundation.com.
While the Foundation supported residents and our communities throughout 2014, the communities, in turn, continued to find ways to support the Foundation.

At Abbey Delray, the thrift shop is staffed by more than 20 resident volunteers and sells donated furniture, jewelry, clothing, electronics and collectibles.

And at Oak Trace, residents sell antiques and handmade arts and crafts in the Resale Shop, Health Center gift shop and the Red Barn, a historic building on campus.

Residents, families and others are encouraged to make tax-deductible donations for benevolence care and other Foundation projects. Cash contributions, gift annuities, estate planning, gifts of stock, in-kind gifts or memorial contributions are welcome.
WHEN THE BOARD MEETS, THE PRACTICALITIES JOIN WITH THE VISION, AND THE FUTURE BECOMES CLEAR AND BRIGHT. AND THAT’S HOW LIFESPACE CONNECTS THE DOTS ON SUCCESS.

CONNECT: SUCCESS

DON BOURNE
Retired operations manager for Swinerton Builders, a San Francisco-based general contractor
• Elected April 1992
• Resides in Paso Robles, California

BILL COOK
Certified public accountant and retired partner of Deloitte & Touche
• Elected September 2004
• Resides in West Des Moines, Iowa

RITA DRAGONETTE
President of Dragonette Career Strategies, a firm offering career consulting to C-level executives and entrepreneurs
• Elected October 2007
• Resides in Chicago, Illinois

LAVERNE EPP
Currently serves as executive chair of the Bioscience and Technology Business Center at Kansas University
• Elected October 2009
• Resides in Lawrence, Kansas

JOHN KADUCE
Director of LeadingAge Iowa, an organization that represents the interests of retirement communities and related health care providers within the state
• Lifespace President and CEO, 1987 – 2007
• Resides in Hobe Sound, Florida

BOB KEHM
Retired partner of the accounting firm KPMG, LLP
• Elected October 2009
• Resides in Overland Park, Kansas

PAULA SHIVES
Attorney and retired senior vice president, secretary and general counsel for Darden Restaurants, Inc.
• Elected October 2005
• Resides in Winter Park, Florida

ANN WAGNER-HAUSER
Director and consultant for Northwest Financial Corporation and Northwest Bank
• Elected August 2002
• Resides in Minnetrista, Minnesota
SLOAN BENTLEY  
President and chief executive officer  
• More than 30 years’ experience in senior housing and care profession  
• Dedicated career to the not-for-profit senior housing profession

JODI HIRSCH  
Vice president and general counsel  
• Licensed in Iowa and Pennsylvania  
• Member, American Health Lawyers Association

KIMBERLY HULETT  
Vice president of sales and marketing  
• 25 years’ sales and marketing experience, with 15 in the senior living industry

LARRY SMITH  
Vice president and chief financial officer  
• Member, Financial Executives International  
• Member, American Institute of Certified Public Accountants  
• Member, Iowa Society of Certified Public Accountants

JOEY LEONHARDT  
Vice president of human resources  
• Member, Society of Human Resource Management

AUDITOR  
CliftonLarsonAllen, Minneapolis, Minnesota