

QUARTERLY REPORT
for the three months ended March 31, 2023

CMW Obligated Group

Craig Amarillo, LLC
Meadow Lake, LLC
Wesley Court, LLC

A Lifespace Community

April 28, 2023

UMB Bank, NA
 Brian Krippner
 2 South Broadway, Suite 600
 St. Louis, MO 63102

RE: Certificate in accordance with Liquidity Support Agreement dated July 1, 2022, Section 8(e) and Continuing Covenants Agreement dated July 1, 2022, Section 4.3(a)(ii)

This certificate is being delivered with respect to the following (each, "Testing Period"): Fiscal Quarter ended March 31, 2023.

The undersigned duly authorized officer of Lifespace Communities, Inc., an Iowa nonprofit corporation (the "Support Provider"), hereby certifies as follows to demonstrate compliance with certain provisions of the Liquidity Support Agreement dated as of July 1, 2022, between UMB Bank, National Association and the Support Provider (the "Support Agreement").

(a) Liquidity Requirement

Unrestricted Cash and Marketable Securities	129,356
Support Amount (A)	7,412
Other Guarantee Requirement (B)	-
Liquidity Requirement (A+B)	7,412

Is the Unrestricted Cash and Marketable Securities of the Support Provider at least equal to the Liquidity Requirement for the applicable period? Yes No

(b) Additional Information. Additional information about the Support Provider is available on EMMA under the CUSIP numbers associated with the Series 2022 Bonds.

(c) Certification as to no Event of Default. To the best of the undersigned knowledge, has an Event of Default under the Support Agreement occurred? Yes No



The undersigned duly authorized officer of Meadow Lake, LLC (the “Obligated Group Representative”) hereby certifies as follows to demonstrate compliance with certain provisions of the Continuing Covenants Agreement dated as of July 1, 2022, among UMB, National Association and the Obligated Group (the “Continuing Covenants Agreement”).

(a) Debt Service Coverage Ratio

Net Revenues Available for Debt Service (A)	12,016
Maximum Annual Debt Service (B)	7,878
Debt Service Coverage Ratio (A/B)	1.53

Is the Debt Service Coverage Ratio of the Obligated Group an amount at least equal to the Debt Service Coverage Ratio requirement for the applicable period? Yes No

Note: the first testing date is December 31, 2024.

In order to meet the Debt Service Coverage Ratio requirement, did the Obligated Group defer any management fees payable during the Testing Period? Yes No

If yes, please identify the amount of such deferral: \$

In order to meet the Debt Service Coverage Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period?

Yes No

If yes, please identify the amount of such contribution: \$

(b) Days Cash on Hand Requirement

Unrestricted Cash and Marketable Securities (A)	8,645
Operating Expenses	14,326
Less:	
Depreciation	(2,259)
Amortization	(1,971)
Total Operating Expenses (B)	10,096
Days Cash on Hand Ratio (A to B/365 or 366)	77

Is the Days Cash on Hand Ratio of the Obligated Group an amount at least equal to the Days Cash on Hand Ratio requirement for the applicable period? Yes No

In order to meet the Days Cash on Hand Ratio requirement, did the Obligated Group defer any management fees payable during the Testing Period? Yes No

If yes, please identify the amount of such deferral: \$



In order to meet the Days Cash on Hand Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period?

Yes No X

If yes, please identify the amount of such contribution: \$

(c) Occupancy (CMW Obligated Group)

Total Number of Units in the Facilities (A)	695
Average Number of Occupied Units (B)	617
Occupancy Percentage (B/A)	88.8%

Is the Occupancy of the Facilities an amount at least equal to the Occupancy requirement for the applicable period? Yes X No

(d) Related Party Transactions. During the Testing Period, has a Member entered into a Related Party Agreement? Yes No X

If yes, attach agreement.

During the Testing Period, has any director, trustee, officer or member of a Member filed a Conflict of Interest Questionnaire? Yes No X

If yes, please attach.

(e) Subordinate Bonds. During the Testing Period, did the Obligated Group pay any interest or principal on the Subordinate Bonds? Yes X No

Interest Paid: \$621,600

Principal Paid: \$ -

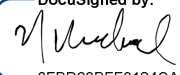
The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the three months ended March 31, 2023, subject to the year-end audit adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.

There are no board meetings or consents in lieu thereof the quarter ended March 31, 2023.



In witness whereof, I have hereunto set my hand, this 28th day of April, 2023.


LIFESPAC E COMMUNITES, INC.

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Senior Vice President & CFO

MEADOW LAKE, LLC

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Treasurer



CMW Obligated Group

Apartments/Units Available

	Independent Living Apartments	Independent Living Cottages	Assisted Living	Memory Support	Skilled Nursing	Total
The Craig	108	65	40	-	95	308
Meadow Lake	80	41	20	34	30	205
Wesley Court	81	52	19	-	30	182
Total CMW Obligated Group	269	158	79	34	155	695

Average Occupancy

Period of July 19, 2022 through December 31, 2022

	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.3%	83.0%	94.6%	N/A
Meadow Lake	99.6%	88.3%	95.1%	59.0%
Wesley Court	94.2%	87.8%	94.5%	N/A
Total CMW Obligated Group	95.4%	85.0%	94.7%	59.0%

For the Three Months Ended March 31, 2023

	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	88.9%	78.9%	97.8%	N/A
Meadow Lake	95.9%	82.9%	96.0%	66.1%
Wesley Court	91.1%	90.3%	94.7%	N/A
Total CMW Obligated Group	91.6%	81.9%	96.6%	66.1%

CMW Obligated Group
Balance Sheet
As of March 31 (Unaudited)
(Thousands of \$)

	2023
Assets	
Current Assets:	
Cash and Cash Equivalents	\$3,850
Accounts Receivable	2,409
Inventories	42
Prepaid Insurance & Other	310
Assets whose use is limited	12,175
Total Current Assets	<u>18,786</u>
Assets whose use is limited	4,736
Property and equipment, at cost:	
Land and improvements	8,976
Buildings and improvements	89,196
Furniture and equipment	5,106
	<u>103,278</u>
Less accum. deprec.	(3,796)
Net property and equipment	<u>99,482</u>
Net goodwill	32,334
Net deferred assets	12
Net intangible assets	14,167
TOTAL ASSETS	<u><u>\$169,517</u></u>

**CMW Obligated Group
Balance Sheet
As of March 31 (Unaudited)
(Thousands of \$)**

2023

Liabilities and net assets

Current liabilities:

Accounts payable:

Trade	\$1,240
Intercompany	201
	<hr/> 1,441

Accrued liabilities:

Employee compensation expense	1,135
Interest	2,080
Property taxes	519
Other	129
	<hr/> 3,863

Entrance fee refunds	1,481
Reserve for health center refunds	144
	<hr/>

Total current liabilities 6,929

Entrance fee deposits	79
Wait list deposits	115
Long-term debt due after one year	119,390
Deferred entrance fees	3,712
Refundable entrance and membership fees	39,129
Total liabilities	<hr/> 169,354

Net assets without donor restrictions 163

**TOTAL LIABILITIES AND NET ASSETS

\$169,517**

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
For the Three Months Ended March 31 (Unaudited)
(Thousands of \$)

	2023
Revenues	
Independent Living Fees	\$3,919
Entrance fees earned/cancellation penalties	258
Skilled nursing, assisted living and memory support fees	4,891
Investment Income	173
	<u>9,241</u>
Expenses	
Operating expenses:	
Salaries and benefits	4,568
General and administrative	1,959
Plant operations	864
Housekeeping	33
Dietary	480
Medical and other resident care	307
Depreciation	2,259
Amortization	1,971
Interest	1,885
	<u>14,326</u>
Changes in net assets	(5,085)
Net assets at beginning of year	5,248
Net assets at end of the period	<u><u>\$163</u></u>

CMW Obligated Group
Statements of Cash Flow
For the Three Months Ended March 31 (Unaudited)
(Thousands of \$)

2023

Operating activities

Changes in unrestricted net assets	(\$5,085)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:	
Entrance fees earned	(258)
Proceeds from nonrefundable entrance fees and deposits	410
Depreciation and Amortization	4,230
Amortization of Financing Costs	136
Change in unrealized appreciation of investments	(53)
Net sales of trading investments	2,602
Change in wait lists and deposits	(482)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	1,697
Accounts payables and accrued liabilities	(1,211)
Net cash provided in operating activities	1,986

Investing activities

Purchases of property and equipment	(343)
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Financing activities

Proceeds from refundable entrance fees and deposits	3,685
Refunds of entrance fees	(1,810)
Net cash provided in financing activities	1,875
Net increase in cash and cash equivalents	3,518
Cash and cash equivalents at beginning of year	332
Cash and cash equivalents at end of period	\$3,850

CMW Obligated Group
Selected Historical Financial Information
(Thousands of \$)

	Three Months Ended March 31 (Unaudited)	Year Ended December 31 (Audited)
	2023	2022
Historical Debt Service Coverage		
Excess (deficit) of revenues over expenses	(5,085)	(5,852)
Less:		
Entrance fees earned	(258)	(460)
Add:		
Depreciation	2,259	1,536
Amortization	1,971	3,599
Interest Expense	1,885	3,426
Unrealized (gain) loss on securities	(53)	(16)
Entrance fee proceeds (less refunds)	2,285	1,775
Income available for debt service	<u>3,004</u>	<u>4,008</u>
Maximum Annual debt service payment	7,878	7,878
Maximum Annual debt service coverage (a)(b)(c)	1.53	1.13
Maximum Annual debt service coverage covenant (d)	N/A	N/A
Days Cash on Hand		
Unrestricted cash and investments	3,850	332
Working Capital	2,139	2,120
Funded Interest	2,656	3,930
Unrestricted Cash and Marketable Securities	<u>8,645</u>	<u>6,382</u>
Department operating expenses plus interest	10,096	17,845
Daily expenses	112	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	77	59
Days of unrestricted cash & investments on hand covenant (e)	60	60
Occupancy		
Average three month occupancy as of period end (g)	88.8%	91.1%
Occupancy covenant	80.0%	80.0%
Other Ratios		
Net operating margin (b)(c)	6.8%	12.7%
Net operating margin, adjusted (b)(c)	26.0%	21.2%
Adjusted debt to capitalization (b)(c)	96.9%	93.1%

(a) The financial ratios that are required by the financing documents.

(b) The financial ratios that are monitored monthly by Lifespace.

(c) Latest FITCH for Investment Grade medians used as benchmarks are as follows: net operating margin of 6.5%, net operating margin, adjusted of 22.5%, maximum annual debt service of 2.5 times, days cash on hand of 528 and adjusted debt to capitalization of 54.0%. The latest "BBB" ratings are as follows: net operating margin of 6.7%, net operating margin, adjusted of 23.0%, maximum annual debt service of 2.2 times, days cash on hand of 496 and adjusted debt to capitalization of 61.1%.

(d) The annual debt service coverage ratio's first testing date is December 31, 2024 and must be at least 1.15x.

(e) The first liquidity testing date is December 31, 2022 and tests June 30 and December 31 going forward. Days cash on hand must be at least 60 days prior to termination of the Support Agreement and 80 days after the termination of the Support Agreement.

(f) Hamlin Capital Management, LLC has provided a waiver regarding the days cash on hand covenant compliance at December 31, 2022.

(g) The occupancy covenant must be met each quarter. The occupancy calculation represents a three-month average for all levels of living.

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
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	<u>14,326</u>
Changes in net assets	<u>(5,085)</u>
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Net assets at end of the period	<u><u>\$163</u></u>

**Refunds Due but Not Yet Paid
(in thousands)**

ML Resident Feb 2023	288
ML Resident Mar 2023	123
ML Resident Mar 2023	135
WC Resident Mar 2023	171
WC Resident Mar 2023	359
WC Resident Mar 2023	405
	<u>1,481</u>