

QUARTERLY REPORT
for the nine months ended September 30, 2023

CMW Obligated Group

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

A Lifespace Community

October 30, 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 September 30, 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	110,638
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.
 Other Liquidity Support Agreements total \$13,000,000

(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) *	7,449
Maximum Annual Debt Service (B)	7,878
Debt Service Coverage Ratio (A/B)	0.95
Covenant Requirement (not until 12/31/24)	N/A
* Calculated on a rolling twelve months	

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)	7,182
Operating Expenses *	40,501
Less:	
Depreciation (Op. expenses do not include Depr.)	-
Amortization (Op. expenses do not include Amort.)	-
Total Operating Expenses (B)	40,501
Days Cash on Hand Ratio (A to B/365 or 366)	65
Covenant Requirement	60
Amount drawn on working capital to meet DCOH	N/A
* Calculated on a rolling twelve months	

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

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

(c) Occupancy (CMW Obligated Group) as the date of quarter end

	IL	HC	ALU	MS	All levels of living
The Craig	94.8%	74.7%	95.0%	N/A	
Meadow Lake	99.2%	80.0%	70.0%	67.6%	
Wesley Court	96.2%	96.7%	100.0%	N/A	
CMW Obligated Group	96.5%	80.0%	89.9%	67.6%	90.6%
Covenant Requirement					80.0%

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

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

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

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 No

Interest Paid: \$-

Principal Paid: \$ -


The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the nine months ended September 30, 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 September 30, 2023.


In witness whereof, I have hereunto set my hand, this 30th day of October, 2023.

LIFESPACE 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%	88.6%	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%	88.4%	94.7%	59.0%

For the Nine Months Ended September 30, 2023

	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	89.9%	76.1%	97.8%	N/A
Meadow Lake	97.5%	78.9%	90.1%	65.0%
Wesley Court	93.1%	86.9%	95.9%	N/A
Total CMW Obligated Group	93.0%	78.7%	95.4%	65.0%

CMW Obligated Group
Balance Sheet
As of September 30 (Unaudited)
(Thousands of \$)

	2023
Assets	
Current Assets:	
Cash and Cash Equivalents	\$3,488
Accounts Receivable	1,860
Inventories	42
Prepaid Insurance & Other	326
Assets whose use is limited	9,589
Total Current Assets	<u>15,305</u>
Assets whose use is limited	4,951
Property and equipment, at cost:	
Land and improvements	9,028
Buildings and improvements	92,593
Furniture and equipment	5,270
	<u>106,891</u>
Less accum. deprec.	(5,446)
Net property and equipment	<u>101,445</u>
Net goodwill	30,394
Net deferred assets	24
Net intangible assets	13,317
TOTAL ASSETS	<u><u>\$165,436</u></u>

CMW Obligated Group
Balance Sheet
As of September 30 (Unaudited)
(Thousands of \$)

2023

Liabilities and net assets

Current liabilities:

Accounts payable:

Trade	\$1,144
Intercompany	2,580
	<u>3,724</u>

Accrued liabilities:

Employee compensation expense	1,210
Interest	1,458
Property taxes	856
Other	170
	<u>3,694</u>

Entrance fee refunds	322
Long-term debt due within one year	880

Total current liabilities 8,620

Entrance fee deposits	283
Wait list deposits	123
Long-term debt due after one year	118,780
Deferred entrance fees	3,619
Refundable entrance and membership fees	40,810
Total liabilities	<u>172,235</u>

Net assets without donor restrictions (6,799)
TOTAL LIABILITIES AND NET ASSETS \$165,436

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
For the Nine Months Ended September 30 (Unaudited)
(Thousands of \$)

	Actual 2023	Budget 2023
Revenues		
Independent Living Fees	\$12,302	11,942
Entrance fees earned/cancellation penalties	583	476
Skilled nursing, assisted living and memory support fees	14,735	13,938
Investment Income	511	-
	<hr/>	<hr/>
	28,131	26,356
 Expenses		
Operating expenses:		
Salaries and benefits	13,662	13,044
General and administrative	5,751	4,036
Plant operations	2,480	2,146
Housekeeping	117	93
Dietary	1,469	1,330
Medical and other resident care	1,194	436
Interest	5,654	5,654
	<hr/>	<hr/>
	30,327	26,739
 (Deficit) Excess of revenues over expenses	 <hr/>	 <hr/>
	(2,196)	(383)
 Other Changes in Net Assets		
Depreciation	(3,910)	(4,047)
Amortization	(5,941)	(5,343)
	<hr/>	<hr/>
Changes in net assets	(12,047)	(9,773)
Net assets at beginning of year	5,248	5,248
Net assets at end of the period	<hr/> <hr/>	<hr/> <hr/>
	(\$6,799)	(\$4,525)

CMW Obligated Group
Statements of Cash Flow
For the Nine Months Ended September 30 (Unaudited)
(Thousands of \$)

2023

Operating activities

Changes in unrestricted net assets	(\$12,047)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:	
Entrance fees earned	(583)
Proceeds from nonrefundable entrance fees and deposits	664
Refunds of entrance fees	(21)
Depreciation and Amortization	9,851
Amortization of Financing Costs	406
Change in unrealized appreciation of investments	2
Net sales of trading investments	4,918
Change in wait lists and deposits	(270)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	1,976
Accounts payables and accrued liabilities	1,145
Net cash provided in operating activities	6,041

Investing activities

Purchases of property and equipment	(3,957)
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Financing activities

Proceeds from refundable entrance fees and deposits	6,079
Refunds of entrance fees	(5,007)
Net cash provided in financing activities	1,072
Net increase in cash and cash equivalents	3,156
Cash and cash equivalents at beginning of year	332
Cash and cash equivalents at end of period	\$3,488

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

Historical Debt Service Coverage	Nine Months Ended September 30 (Unaudited) 2023	Period of July 19 through December 31 (Audited) 2022
Excess (deficit) of revenues over expenses	(2,196)	(5,852)
Less:		
Entrance fees earned	(583)	(460)
Add:		
Depreciation	-	1,536
Amortization	-	3,599
Interest Expense	5,654	3,426
Unrealized (gain) loss on securities	2	(16)
Entrance fee proceeds (less refunds)	1,715	1,775
Income available for debt service	<u>4,592</u>	<u>4,008</u>
Maximum Annual debt service payment	7,878	7,878
Maximum Annual debt service coverage (a)(b)(c)(h)	0.95	1.13
Maximum Annual debt service coverage covenant (d)	N/A	N/A
Days Cash on Hand		
Unrestricted cash and investments	3,488	332
Working Capital	2,168	2,120
Funded Interest	1,526	3,930
Unrestricted Cash and Marketable Securities	<u>7,182</u>	<u>6,382</u>
Department operating expenses plus interest (h)	40,501	17,845
Daily expenses	111	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	65	59
Days of unrestricted cash & investments on hand covenant (e)	60	60
Occupancy		
Occupancy as of period end (g)	90.6%	91.1%
Occupancy covenant	80.0%	80.0%
Other Ratios		
Net operating margin (b)(c)	8.7%	12.7%
Net operating margin, adjusted (b)(c)	14.2%	21.2%
Adjusted debt to capitalization (b)(c)	102.7%	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 the last day of each quarter for all levels of living.

(h) Maximum annual debt service coverage and days cash on hand are required to be calculated on a rolling twelve months.

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
For the Fiscal Quarter Ended September 30 (Unaudited)
(Thousands of \$)

	2023	2022
Revenues		
Independent Living Fees	\$4,441	\$3,195
Entrance fees earned/cancellation penalties	160	-
Skilled nursing, assisted living and memory support fees	4,959	4,067
Investment Income	163	30
	<hr/>	<hr/>
	9,723	7,292
Expenses		
Operating expenses:		
Salaries and benefits	4,593	3,677
General and administrative	1,826	1,156
Plant operations	859	934
Housekeeping	48	-
Dietary	429	374
Medical and other resident care	462	-
Interest	1,885	1,530
	<hr/>	<hr/>
	10,102	7,671
 (Deficit) Excess of revenues over expenses	 <hr/>	 <hr/>
	 (379)	 (379)
Other Changes in Net Assets		
Depreciation	(828)	(867)
Amortization	(2,018)	(927)
Contributions from Lifespace Communities, Inc.	-	11,100
	<hr/>	<hr/>
Changes in net assets	(3,225)	8,927
Net assets at beginning of period	(3,574)	0
Net assets at end of the period	<hr/> <hr/>	<hr/> <hr/>
	(\$6,799)	\$8,927

**Refunds Due in Current Course of Business
Refunds in Process
(in thousands)**

TC Resident September 2023	124
TC Resident September 2023	<u>198</u>
	<u><u>322</u></u>