

**QUARTERLY REPORT**  
**for the year ended December 31, 2023**

# **CMW Obligated Group**

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

A Lifespace Community

February 2, 2024

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 December 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 | 129,385 |
| 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 the 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 Availabe for Debt Service (A) * | 6,494 |
| Maximum Annual Debt Service (B)              | 7,878 |
| Debt Service Coverage Ratio (A/B)            | 0.82  |
| 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)   | 7,474  |
| Operating Expenses *                              | 41,253 |
| Less:   |        |
| Depreciation (Op. expenses do not include Depr.)  | -      |
| Amortization (Op. expenses do not include Amort.) | -      |
| Total Operating Expenses (B)                      | 41,253 |
| Days Cash on Hand Ratio (A to B/365 or 366)       | 66     |
| 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            | 93.6%  | 69.5% | 100.0% | N/A   |                      |
| Meadow Lake          | 100.0% | 86.7% | 65.0%  | 61.8% |                      |
| Wesley Court         | 93.3%  | 96.7% | 94.7%  | N/A   |                      |
| CMW Obligated Group  | 95.3%  | 78.1% | 89.9%  | 61.8% | 89.2%                |
| 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: \$ -

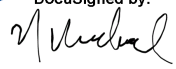
The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the year ended December 31, 2023, subject to the year-end audit adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of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



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

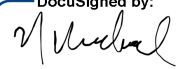
In witness whereof, I have hereunto set my hand, this 30<sup>th</sup> day of January, 2024.

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                            | 54                          | 19              | -              | 30              | 184   |
| Total CMW Obligated Group | 269                           | 160                         | 79              | 34             | 155             | 697   |

### 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 Year Ended December 31, 2023

|                           | Independent Living | Health Center | Assisted Living | Memory Support |
|---------------------------|--------------------|---------------|-----------------|----------------|
| The Craig                 | 90.9%              | 75.5%         | 97.2%           | N/A            |
| Meadow Lake               | 98.4%              | 80.1%         | 82.9%           | 64.9%          |
| Wesley Court              | 93.1%              | 89.0%         | 95.8%           | N/A            |
| Total CMW Obligated Group | 93.7%              | 79.0%         | 93.2%           | 64.9%          |

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

| <b>Assets</b>                    | <b>2023</b>      |
|----------------------------------|------------------|
| Current Assets:                  |                  |
| Cash and Cash Equivalents        | \$3,721          |
| Accounts Receivable              | 2,185            |
| Inventories                      | 42               |
| Prepaid Insurance & Other        | 278              |
| Assets whose use is limited      | 8,972            |
| Total Current Assets             | 15,198           |
| Assets whose use is limited      | 5,647            |
| Property and equipment, at cost: |                  |
| Land and improvements            | 9,049            |
| Buildings and improvements       | 94,028           |
| Furniture and equipment          | 5,345            |
|                                  | 108,422          |
| Less accum. deprec.              | (6,288)          |
| Net property and equipment       | 102,134          |
| Net goodwill                     | 29,424           |
| Net deferred assets              | 41               |
| Net intangible assets            | 12,892           |
| <b>TOTAL ASSETS</b>              | <b>\$165,336</b> |

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

**2023**

**Liabilities and net assets**

Current liabilities:

Accounts payable:

|              |              |
|--------------|--------------|
| Trade        | \$1,452      |
| Intercompany | 2,426        |
|              | <u>3,878</u> |

Accrued liabilities:

|                               |              |
|-------------------------------|--------------|
| Employee compensation expense | 894          |
| Interest                      | 3,207        |
| Property taxes                | 297          |
| Other                         | (127)        |
|                               | <u>4,271</u> |

|                                    |              |
|------------------------------------|--------------|
| Entrance fee refunds               | 728          |
| Reserve for health center refunds  | 122          |
| Long-term debt due within one year | 880          |
|                                    | <u>9,879</u> |

Total current liabilities

|   |                |
|---|----------------|
| Entrance fee deposits                   | 697            |
| Wait list deposits                      | 86             |
| Long-term debt due after one year       | 118,915        |
| Deferred entrance fees                  | 3,654          |
| Refundable entrance and membership fees | 43,052         |
| Total liabilities                       | <u>176,283</u> |

|   |                         |
|---|-------------------------|
| Net assets without donor restrictions   | (10,947)                |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <u><u>\$165,336</u></u> |



**CMW Obligated Group**  
**Statements of Operations and Changes in Unrestricted Assets**  
**For the Year Ended December 31 (Unaudited)**  
**(Thousands of \$)**

|  | <b>Actual<br/>2023</b>   | <b>Budget<br/>2023</b>  |
|--|--------------------------|-------------------------|
| <b>Revenues</b>  |                          |                         |
| Independent Living Fees                                  | \$16,850                 | 15,924                  |
| Entrance fees earned/cancellation penalties              | 825                      | 636                     |
| Skilled nursing, assisted living and memory support fees | 20,028                   | 18,763                  |
| Investment Income  | 695                      | -                       |
|  | <u>38,398</u>            | <u>35,323</u>           |
| <b>Expenses</b>  |                          |                         |
| Operating expenses:                                      |                          |                         |
| Salaries and benefits                                    | 18,033                   | 17,475                  |
| General and administrative                               | 8,029                    | 5,386                   |
| Plant operations   | 3,480                    | 2,863                   |
| Housekeeping   | 164                      | 124                     |
| Dietary  | 2,216                    | 1,774                   |
| Medical and other resident care                          | 1,793                    | 565                     |
| Interest   | 7,538                    | 7,539                   |
|  | <u>41,253</u>            | <u>35,726</u>           |
| (Deficit) Excess of revenues over expenses               | <u>(2,855)</u>           | <u>(403)</u>            |
| <b>Other Changes in Net Assets</b>                       |                          |                         |
| Depreciation   | (4,752)                  | (5,397)                 |
| Amortization   | (8,588)                  | (7,123)                 |
|  | <u>(16,195)</u>          | <u>(12,923)</u>         |
| Changes in net assets                                    | (16,195)                 | (12,923)                |
| Net assets at beginning of year                          | 5,248                    | 5,248                   |
| Net assets at end of the period                          | <u><u>(\$10,947)</u></u> | <u><u>(\$7,675)</u></u> |

**CMW Obligated Group**  
**Statements of Cash Flow**  
**For the Year Ended December 31 (Unaudited)**  
**(Thousands of \$)**

**2023**

**Operating activities**

|   |            |
|---|------------|
| Changes in unrestricted net assets  | (\$16,195) |
| Adjustments to reconcile changes in net asset to net cash provided in operating activities: |            |
| Entrance fees earned  | (825)      |
| Proceeds from nonrefundable entrance fees and deposits                                      | 940        |
| Refunds of entrance fees  | (21)       |
| Depreciation and Amortization   | 13,340     |
| Amortization of Financing Costs   | 541        |
| Change in unrealized appreciation of investments  | (12)       |
| Net sales of trading investments  | 4,853      |
| Change in wait lists and deposits   | 107        |
| Changes in operating assets and liabilities:  |            |
| Accounts receivables, inventories, and prepaid insurance and other                          | 1,681      |
| Accounts payables and accrued liabilities   | 1,876      |
| Net cash provided in operating activities   | 6,285      |

**Investing activities**

|                                     |         |
|-------------------------------------|---------|
| Purchases of property and equipment | (5,488) |
|-------------------------------------|---------|

**Financing activities**

|   |         |
|---|---------|
| Proceeds from refundable entrance fees and deposits | 8,528   |
| Refunds of entrance fees                            | (5,936) |
| Net cash provided in financing activities           | 2,592   |
| Net increase in cash and cash equivalents           | 3,389   |
| Cash and cash equivalents at beginning of year      | 332     |
| Cash and cash equivalents at end of period          | \$3,721 |

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

| <b>Historical Debt Service Coverage</b>                         | <b>Year Ended<br/>December 31 (Unaudited)<br/>2023</b> | <b>Period of July 19 through<br/>December 31 (Audited)<br/>2022</b> |
|---|--|---|
| Excess (deficit) of revenues over expenses                      | (2,855)  | (717)   |
| Less:   |  |   |
| Entrance fees earned  | (825)  | (460)   |
| Initial Entrance Fees   | (863)  | -   |
| Add:  |  |   |
| Interest Expense  | 7,538  | 3,426   |
| Unrealized (gain) loss on securities                            | (12)   | (16)  |
| Entrance fee proceeds (less refunds)                            | 3,511  | 1,775   |
| Income available for debt service                               | <u>6,494</u>   | <u>4,008</u>  |
| Maximum Annual debt service payment                             | 7,878  | 7,878   |
| Maximum Annual debt service coverage (a)(b)(c)(h)               | 0.82   | 1.13  |
| Maximum Annual debt service coverage covenant (d)               | N/A  | N/A   |
| <b>Days Cash on Hand</b>  |  |   |
| Unrestricted cash and investments                               | 3,721  | 332   |
| Working Capital   | 2,209  | 2,120   |
| Funded Interest   | 1,544  | 3,930   |
| Unrestricted Cash and Marketable Securities                     | <u>7,474</u>   | <u>6,382</u>  |
| Department operating expenses plus interest (h)                 | 41,253   | 17,845  |
| Daily expenses  | 113  | 108   |
| Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f) | 66   | 59  |
| Days of unrestricted cash & investments on hand covenant (e)    | 60   | 60  |
| <b>Occupancy</b>  |  |   |
| Occupancy as of period end (g)                                  | 89.2%  | 91.1%   |
| Occupancy covenant  | 80.0%  | 80.0%   |
| <b>Other Ratios</b>   |  |   |
| Net operating margin (b)(c)                                     | 8.6%   | 12.7%   |
| Net operating margin, adjusted (b)(c)                           | 16.5%  | 21.2%   |
| Adjusted debt to capitalization (b)(c)                          | 106.5%   | 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 December 31 (Unaudited)**  
**(Thousands of \$)**

|  | <b>2023</b>              | <b>2022</b>           |
|--|--------------------------|-----------------------|
| <b>Revenues</b>  |                          |                       |
| Independent Living Fees                                  | \$4,640                  | \$3,980               |
| Entrance fees earned/cancellation penalties              | 241                      | 461                   |
| Skilled nursing, assisted living and memory support fees | 5,293                    | 5,271                 |
| Investment Income  | 184                      | 125                   |
|  | <u>10,358</u>            | <u>9,837</u>          |
| <b>Expenses</b>  |                          |                       |
| Operating expenses:                                      |                          |                       |
| Salaries and benefits                                    | 4,464                    | 4,823                 |
| General and administrative                               | 2,277                    | 1,899                 |
| Plant operations   | 1,000                    | 1,070                 |
| Housekeeping   | 47                       | -                     |
| Dietary  | 747                      | 486                   |
| Medical and other resident care                          | 599                      | -                     |
| Interest   | 1,885                    | 1,896                 |
|  | <u>11,019</u>            | <u>10,174</u>         |
| (Deficit) Excess of revenues over expenses               | <u>(661)</u>             | <u>(337)</u>          |
| <b>Other Changes in Net Assets</b>                       |                          |                       |
| Depreciation   | (842)                    | (669)                 |
| Amortization   | (2,646)                  | (2,673)               |
|  | <u>(4,149)</u>           | <u>(3,679)</u>        |
| Changes in net assets                                    | (4,149)                  | (3,679)               |
| Net assets at beginning of period                        | (6,798)                  | 8,927                 |
| Net assets at end of the period                          | <u><u>(\$10,947)</u></u> | <u><u>\$5,248</u></u> |

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

|                           |            |
|---------------------------|------------|
| TC Resident October 2023  | 207        |
| ML Resident November 2023 | 162        |
| ML Resident November 2023 | (139)      |
| WC Resident December 2023 | 261        |
| WC Resident December 2023 | 237        |
|                           | <u>728</u> |