

**CONTINUING DISCLOSURE REPORT**  
**for the year ended December 31, 2024**



**OBLIGATED GROUP**

**Abbey Delray**  
**Abbey Delray South**  
**Beacon Hill**  
**Claridge Court**  
**Friendship Village of Bloomington**  
**Friendship Village of South Hills**  
**Harbour's Edge**  
**Newcastle Place**  
**Oak Trace**  
**Querencia**  
**The Waterford**  
**Village on the Green**

**The information contained herein is being filed by the Corporation for the purposes of complying with the Corporation's obligations under SEC Rule 15c2-12. The information contained herein is as of the date of this report.**

April 30, 2025

US Bank  
Debbie Lamb  
Assistant Vice President  
Corporate Trust Dept.  
6410 Southpoint Parkway, Suite 200  
Jacksonville, FL 32216

**RE: Certificate in accordance with Section 415 (c) of the Master Trust Indenture dated November 1, 2010.**

The undersigned, Nick Harshfield, Senior Vice President and Chief Financial Officer of Lifespace Communities, Inc., (the "Corporation") an Iowa nonprofit corporation, does hereby certify that:

- (1) The Days Cash on Hand and the Historical Debt Service Coverage Ratio calculated as defined in the Master Trust Indenture is hereby attached as of the end of the Fiscal Year ended December 31, 2024.
- (2) A review of the activities of the Obligated Group during the last completed Fiscal Year and the performance of the Obligated Group under this Master Indenture and all Related Bond Documents have been made by the signer thereof or under the signer's supervision, and to the best of the signer's knowledge, based on the review, the Obligated Group and the Members have fulfilled all their obligations under this Master Indenture and all Related Bond Documents throughout the Fiscal Year ended December 31, 2024, and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions thereof.

**RE: Certificate in accordance with 5.7 of the Loan Agreement dated November 1, 2010, 5.7 of the Loan Agreement dated March 1, 2015, 5.7 of the Loan Agreement dated November 1, 2016, 5.7 of the Loan Agreement dated August 1, 2018, 5.7 of the Loan Agreement dated November 1, 2019, 5.7 of the Loan Agreement dated August 1, 2021, 5.7 of the Loan Agreement dated November 1, 2022, 5.7 of the Loan Agreement dated December 1, 2023 and 5.7 of the Loan Agreement dated December 1, 2024.**


The undersigned, Nick Harshfield, Senior Vice President and Chief Financial Officer of Lifespace Communities, Inc., (the "Corporation") an Iowa nonprofit corporation, does hereby certify that:

- (1) A review of the activities of the Corporation during such Fiscal Year and of performance hereunder has been made under supervision of the Corporation Representative; and
- (2) The Corporation Representative is familiar with the provisions of the Bond Documents and to the best of the Corporation Representative's knowledge, based on such review and familiarity, the Corporation has fulfilled all of its obligations hereunder throughout such Fiscal Year and no Event of Default hereunder or under any of the Bond Documents has occurred and is continuing and no event has occurred



which with the passage of time or the giving of notice or both would constitute such an Event of Default.

LIFESPACE COMMUNITES, INC.

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Nick Harshfield

SVP & CFO

Cc: Bankers Trust, Kristy Olesen



April 30, 2025

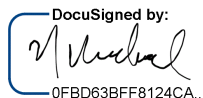
US Bank  
Debbie Lamb  
Assistant Vice President  
Corporate Trust Dept.  
6410 Southpoint Parkway, Suite 200  
Jacksonville, FL 32216

RE: Certificate in accordance with 5.12 of the Loan Agreement dated March 1, 2015

The undersigned, Nick Harshfield, Senior Vice President and Chief Financial Officer of Lifespace Communities, Inc., (the "Corporation") an Iowa nonprofit corporation, does hereby certify that:

- (1) A review of the activities of the Obligated Group during the last completed Fiscal Year for the purpose of determining whether or the Corporation has complied with all federal tax and federal securities law requirements relating to the bond issue and has determined that the Corporation is in compliance with all requirements.
- (2) The Corporation's post-issuance compliance policy contains at least:
  - a. An identification of a responsible officer for bond compliance,
  - b. Procedures for record retention, including a requirement to maintain records for the entire Record Retention Period (generally, four years after the date on which the last bond of the issue is retired),
  - c. Procedures to assure that the arbitrage yield restriction and rebate requirements are met, and
  - d. Procedures to take remedial action, if required, including acknowledgement of the voluntary closing agreement program of the Internal Revenue Service.
- (3) The Corporation is in compliance with its post-issuance compliance policy.
- (4) The Corporation has made a review of its activities during the preceding calendar year for the purpose of determining whether or not the Corporation has complied with all of the terms, provisions and conditions of the Loan Agreement.
- (5) The Corporation has kept, observed, performed and fulfilled each and every covenant, provision and condition of the Loan Agreement on its part to be performed.
- (6) The Corporation is not in default in the performance or observance of any of the covenants, provisions or conditions hereof, or if the Corporation shall be in default, such certificate shall specify all such defaults and the nature thereof.

LIFESPACE COMMUNITES, INC.

DocuSigned by:  
  
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Nick Harshfield



**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

**Overview:**

Lifespace Communities, Inc. (“Lifespace” or the “Corporation”) is an Iowa nonprofit corporation organized for the purpose of owning and operating continuing care retirement communities (“CCRCs”).

The Corporation owns 12 CCRCs in seven states that make up the Obligated Group.

Lifespace is the sole member of Barton Creek Senior Living Center, Inc., d/b/a Querencia (“Querencia”) located in Austin, Texas. On August 31, 2021, concurrent with the issuance of the Series 2021 bonds, Querencia became part of the Obligated Group.

On July 1, 2021, Lifespace acquired Newcastle Place, LLC (“Newcastle Place”) located in Mequon, Wisconsin. On December 19, 2024, Newcastle Place became part of the Obligated Group concurrent with the issuance of the Series 2024 bonds.

Abbey Delray was sold to a third party on April 1, 2025. Through various discussions, it was determined Lifespace will present Abbey Delray as discontinued operations for the year ended December 31, 2024 and 2023.

Prior period information has been restated to include Newcastle Place. In addition, Abbey Delray’s activity was reclassified to discontinued operations in the financials presented for 2024 and 2023 and in the ratios for 2024.

On July 19, 2022, Lifespace acquired Meadow Lake located in Tyler, Texas, Wesley Court located in Abilene, Texas and The Craig located in Amarillo, Texas. On February 1, 2023, Lifespace became the sole member of Friendship Village of Mill Creek, NFP, d/b/a GreenFields of Geneva (“GreenFields”) located in Geneva, IL. Meadow Lake, Wesley Court, The Craig and GreenFields are separately financed and are not members of the Obligated Group.

The Corporation was the sole member of Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way (“The Stayton”) located in Ft. Worth, Texas. On June 1, 2024, the Corporation transferred ownership of The Stayton to a third party pursuant to a transaction that was structured as a membership substitution. The Stayton was separately financed and not part of the Obligated Group. While outside the Obligated Group, the Obligated Group did support The Stayton through a Liquidity Support Agreement that had a funded and unfunded commitment which have been terminated. Neither the Corporation nor the Obligated Group have any further obligations with respect to The Stayton.

The Corporation and its affiliates operate 16 CCRCs in seven states from the corporate office located in Dallas, Texas. References to the “Communities” herein are to the 12 CCRCs owned and operated by the Corporation that make up the Obligated Group.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

Calendar year-end financial information for December 31, 2024 and prior is provided from audited financial statements. All other financial information is obtained from unaudited financial statements.

### Summary of Units Operated per Community

	Independent Living Apartments	Villas, Carriage or Town Homes	Assisted Living	Health Center Private Room	Health Center Semi- Private Room	Memory Support	Total	CMS 5- Star Rating *
Abbey Delray (1)	246	28	48	30	70	30	452	4
Abbey Delray South (1)	218	44		28	46		336	3
Beacon Hill (1)	354			26	84		464	5
Claridge Court (3)	124			17	28		169	3
Friendship Village of Bloomington (1)(3)	334	12	42	66		32	486	5
Friendship Village of South Hills (1)(3)	245	18	50	35	54	32	434	4
Harbour's Edge	266			50	4		320	5
Newcastle Place (5)	158		36	47		16	257	2
Oak Trace (1)(2)	341	16	66	84	20	28	555	4
Querencia	157	10	40	38	4	23	272	5
The Waterford (1)(4)	215	26		30	30		301	3
Village on the Green	204	58	36	40	8	18	364	4
Total	2,862	212	318	491	348	179	4,410	

\* The CMS 5-Star ratings are as of January 2025.

### Change in units from December 31, 2023

(1) Total independent living apartments have been reduced by 87. Upon management's review of current inventory at all communities, various floorplans were determined obsolete and/or unsellable. Generally, apartments of less than 600 square feet have been deemed unsellable for several communities and have been removed from available inventory. Management is in the process of developing plans for the highest and best use for these units.

(2) As a result of redevelopment efforts at Oak Trace, 140 independent living apartments were added in first quarter.

(3) Claridge Court, Friendship Village of Bloomington and Friendship Village of South Hills each had apartment combos in second quarter. Friendship Village of Bloomington has an apartment combo in third quarter.

(4) As a result of redevelopment efforts at The Waterford, three villas were added in second quarter and five villas in third quarter.

(5) Newcastle Place joined the Lifespace Obligated Group in December 2024 along with the 2024 Financing.

**Lifespace Communities, Inc.**  
**Average Occupancy of the Communities**

<u>Community</u>	<u>2021</u>				<u>2022</u>				<u>2023</u>				<u>2024</u>			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL (e)	60.1%	92.4%	74.1%	60.6%	58.7%	92.5%	92.1%	77.7%	64.4%	90.6%	93.5%	88.7%	86.6%	88.7%	92.9%	78.4%
Abbey Delray South, FL (e)	66.3%	75.5%	NA	NA	66.8%	90.0%	NA	NA	67.8%	93.8%	NA	NA	64.6%	95.0%	NA	NA
Beacon Hill, IL (e)	87.0%	89.6%	NA	NA	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA	80.7%	93.1%	NA	NA
Claridge Court, KS	81.2%	89.3%	NA	NA	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA	96.5%	92.1%	NA	NA
Friendship Village of Bloomington, MN (a)(e)	81.2%	79.6%	55.2%	91.6%	77.1%	89.3%	89.5%	93.4%	78.3%	95.5%	93.6%	97.2%	90.2%	95.5%	98.4%	98.8%
Friendship Village of South Hills, PA (e)	81.3%	76.6%	75.4%	90.0%	78.8%	82.1%	94.4%	97.8%	77.8%	87.3%	94.0%	97.8%	84.0%	89.0%	95.3%	97.1%
Grand Lodge, NE (b)	85.2%	NA	85.4%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Harbour's Edge, FL	83.3%	92.3%	NA	NA	89.7%	92.8%	NA	NA	91.8%	92.6%	NA	NA	96.0%	94.8%	NA	NA
Newcastle Place, WI (h)	96.4%	80.6%	96.9%	97.5%	91.8%	80.9%	94.4%	97.5%	89.8%	84.9%	91.7%	93.1%	96.2%	82.7%	89.8%	87.7%
Oak Trace, IL (e)(f)	86.2%	93.4%	64.8%	88.1%	84.2%	94.1%	86.7%	97.9%	82.1%	94.6%	96.5%	96.1%	72.9%	97.2%	96.7%	94.5%
Querencia, TX (c)	97.9%	81.3%	96.0%	90.1%	96.3%	95.5%	95.8%	87.8%	98.3%	93.8%	96.0%	87.4%	96.3%	95.1%	96.0%	88.2%
The Waterford, FL (e) (g)	79.5%	83.3%	NA	NA	77.4%	89.2%	NA	NA	81.4%	87.0%	NA	NA	83.4%	72.1%	NA	NA
Village on the Green, FL (d)	72.2%	78.2%	46.2%	72.6%	71.1%	92.7%	95.6%	96.7%	75.5%	93.8%	95.8%	97.8%	79.4%	96.5%	96.0%	91.0%
Obligated Group	79.6%	84.8%	72.8%	84.2%	78.0%	89.9%	92.1%	92.2%	79.5%	91.4%	94.6%	94.1%	84.0%	91.3%	95.2%	91.3%

(a) The new assisted living and memory support opened in February 2021. The new apartments opened in July 2021. The new health center opened in June 2022.

(b) Grand Lodge was disposed as of August 1, 2021.

(c) Querencia joined the Lifespace Obligated Group as of August 31, 2021 in conjunction of the Series 2021 financing.

(d) The new assisted living opened in March 2021. The memory support and new independent villas opened in April 2021. The replacement health center opened in May 2021.

(e) The 2023 living units are impacted by the reduction of 80 smaller obsolete units and 87 additional units at January 1, 2024 as mentioned on the Summary of Units Operated per Community page.

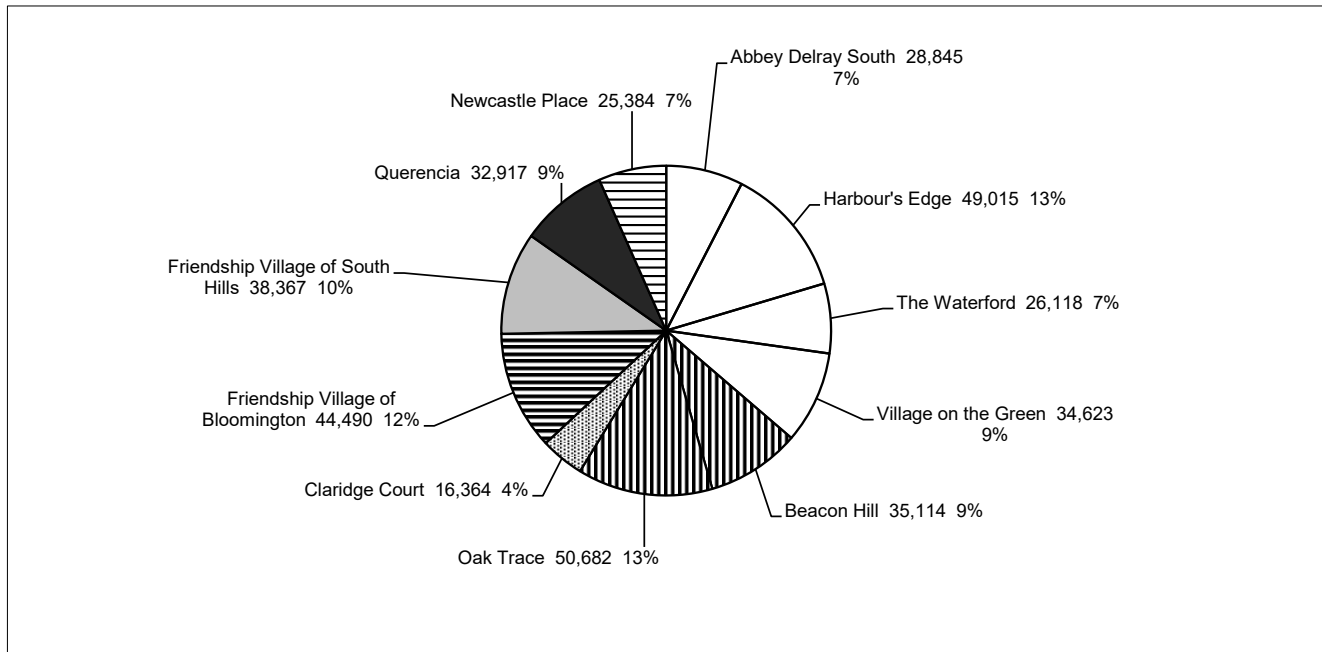
(f) Oak Trace opened 140 new independent living units as of January 25, 2024.

(g) The Waterford opened three villas in the second quarter and five villas in the third quarter of 2024.

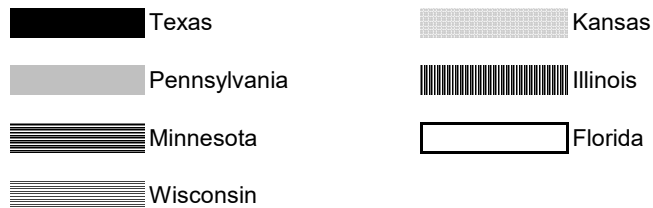
(h) Newcastle Place joined the Lifespace Obligated Group in December 2024 in conjunction of the Series 2024 financing.



**Comparative Analysis of Gross Revenues**  
**Year Ended December 31, 2024**  
**(\$ in Thousands)**



Gross revenues include independent living fees, skilled nursing, assisted living fee and memory support fees, entrance fees earned, and investment income.



**Skilled Nursing Payer Mix and Occupancy**

Payer	Year-ended			
	2021	2022	2023	2024
Lifecare	11.6%	11.4%	12.5%	11.8%
Private Pay	24.2%	27.1%	24.7%	24.6%
Medicare	47.9%	44.8%	44.7%	44.4%
Medicaid	8.2%	6.2%	5.3%	3.1%
Other	8.1%	10.5%	12.8%	16.0%
Total Patient Mix	100%	100%	100%	100%
Year-To-Date Average Service Units Available	856	839	839	839
Year-To-Date Average Occupancy Percentage	84.8%	89.9%	91.4%	91.3%

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

**Year Ended December 31, 2024 versus Year Ended December 31, 2023:**

The average year-to-date independent living occupancy through December 31, 2024, was 2,575 independent living homes (84.0% of the 3,064 average available homes). The average year-to-date occupancy through December 31, 2023 was 2,415 independent living homes (79.5% of the 3,038 average available homes). The change in average available homes from December 31, 2023 to the same period in 2024 is due to new independent living units at Oak Trace and The Waterford which is offset by seven communities that took smaller obsolete apartments out of inventory and three communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to \$180,720,000 in 2024, a 17.1% increase over the \$154,331,000 from the same revenue sources in 2023. The increase is due mainly to occupancy, monthly fee increases, and processing fees. Independent living year-to-date occupancy grew to 2,464 (88.0% of the 2,800 available) at December 31, 2024 from 2,254 (82.3% of the 2,740 available) at December 31, 2023. Monthly fees increased in a range of 5.5% to 9.0%. Some community's increases were effective January 1, 2024 while others were effective February 1, 2024. Processing fees are higher due to more year-to-date closings in 2024 of 587 versus 2023 of 407. In addition, one community began recording processing fees according to the new residency agreement in fourth quarter of 2023.

Revenues from the health center, assisted living, and memory support fees were \$147,301,000 in 2024 compared to \$134,914,000 in 2023, an increase of 9.2%. This increase is due mainly to the monthly fee increase. Some communities had monthly fee increases of 7.0% effective December 1, 2023 while the Florida communities had monthly fee increases of 9.0% effective January 1, 2024.

As of December 31, 2023, the Obligated Group received a total of \$83,000 in COVID relief related funding. The Obligated Group received \$48,000 in stimulus funds from third party payors that is in accordance with their contract with Commonwealth of Pennsylvania's Department of Human Services and \$35,000 from the State of Kansas's Department for Aging and Disability Services.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were \$303,772,000 in 2024, an increase of \$26,283,000 or 9.5% from comparable expenses of \$277,489,000 in 2023. Salaries and benefits increased \$12,822,000 or 8.6% due primarily to merit increases effective January 1, 2024 and filled positions that were vacant in the prior period. Some of the vacant positions were previously filled with agency staffing. General and administrative expense increased \$8,989,000 or 12.9% due primarily to property and liability insurance, property and other taxes, consulting and outsourcing, marketing, and technology. Plant operations increased \$2,764,000 or 14.6% due primarily to repairs and maintenance, and utilities.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

**Year Ended December 31, 2024 Actual versus Budget**

The Lifespace Board of Directors annually approves the budget that results in an accepted net operating margin, net entrance fees and capital expenditures. The chart below shows line-item comparisons to the board approved net operating margin, net entrance fees and capital expenditures, along with the favorable and unfavorable variances.

<b>(in thousands)</b>	<b>Actual</b>	<b>Budget</b>	<b>Favorable/ (Unfavorable)</b>
<b>Revenues</b>			
Independent Living Fees	\$180,720	\$176,964	\$3,756
Skilled nursing, assisted living and memory support fees	147,301	137,624	9,677
	328,021	314,588	13,433
<b>Expenses</b>			
Operating expenses:			
Salaries and benefits	162,159	165,690	3,531
General and administrative	78,694	82,552	3,858
Plant operations	21,656	20,034	(1,622)
Housekeeping	1,607	1,486	(121)
Dietary	28,204	30,194	1,990
Medical and other resident care	11,452	5,273	(6,179)
	303,772	305,229	1,457
Net operating margin	24,249	9,359	14,890
Net entrance fees, including initial entrance fees	128,656	132,710	(4,054)
Capital expenditures, financed with bond proceeds	43,208	79,348	36,140
Capital expenditures, routine and community projects	59,784	42,273	(17,511)

Net operating margin is favorable to budget by \$14,890,000.

Independent living fees are favorable to budget by \$3,756,000, which is related to higher than anticipated occupancy. Independent Living budgeted an average year to date occupancy of 82.0% and has actual occupancy of 83.8%, excluding Abbey Delray.

Skilled nursing, assisted living and memory support fees are favorable to budget by \$9,677,000 due primarily to higher occupancy than budgeted in the health center and improved payer mix in all levels of living. The health center budgeted an average year to date occupancy of 90.0% and has actual occupancy of 91.6%, excluding Abbey Delray.

Salaries and benefits are \$3,531,000, or 2.1%, favorable to budget due primarily to better labor management. Lifespace has closely managed overtime, shift bonuses, short breaks and hours worked greater than six with no break while always focusing on quality of care and delivering exceptional service to our residents.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

General and administrative expenses are \$3,858,000, or 4.7%, favorable to budget due primarily to liability and property insurance and marketing expenses.

Plant operations expenses are \$1,622,000, or 8.1%, unfavorable to budget due primarily to repairs and maintenance and security services and equipment.

Medical and other resident care expense is unfavorable to budget by \$6,179,000, or 117.2%, due primarily to agency staff usage and transportation.

Net entrance fees are unfavorable to budget by \$4,054,000. The budget for the year ended December 31, 2024 had 623 closings compared to the actual closings of 587. In addition, one community started selling rental contracts in July 2023. There are no entrance fees associated with the rental contracts. The chart below represents how many closings received entrance fees when comparing actual and budget.

YTD December 31, 2024	Actual	Budget
Total Closings	587	623
Rental Closings	102	112
Entrance Fee Closings	485	511

The Oak Trace redevelopment project opened 140 independent living units in January 2024. The fill up has been quicker than expected. For the year ended December 31, 2024, Oak Trace has had 126 actual closings while 98 were budgeted. Initial entrance fees for Oak Trace for the year ended December 31, 2024 was \$55,166,000.

Capital expenditures financed with bond proceeds are approximately \$36,140,000 less than budgeted. Approximately \$17,511,000 more was spent on routine capital expenditures than budgeted. These are the result of timing.

**Ratios:**

All periods on the ratios page are inclusive of Newcastle Place. The discontinued operations of Abbey Delray are only taken into account in 2024's ratios.

The Net Operating Margin Ratio increased from 2.5% for the year ended December 31, 2023 to 7.4% for the same period in 2024. The Net Operating Margin, Adjusted Ratio increased from 16.3% for the year ended December 31, 2023 to 22.3% for the same period in 2024. The annual debt service coverage ratio remained steady at 2.1 for the year ended December 31, 2024 and 2023. The Net Operating Margin, Adjusted and the Debt Service Coverage Ratio are impacted by the increase in net entrance fees excluding the initial entrance fees. The annual debt service has increased when comparing December periods due to funded interest funds being used which impacts the Debt Service Coverage Ratio negatively. However, the increases in net operating margin and net entrance fees excluding initial entrance fees are offset by the increase in annual

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

debt service. Further details on net entrance fees are stated in the Liquidity and Capital Requirements section below.

Investment income decreased when comparing the year ended December 31, 2024 to the same period in 2023. Excluding the unrealized gain/loss, investment income represents an increase of \$1,999,000, which impacts the debt service coverage ratio in a positive manner. The following chart shows the components of investment income in thousands of dollars.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Interest and Dividend Income	\$7,170	\$8,221
Realized Gain/(Loss)	4,415	1,365
Unrealized Gain/(Loss)	<u>6,583</u>	<u>13,255</u>
Total	\$18,168	\$22,841

The Adjusted Debt to Capitalization increased from 140.6% at December 31, 2023 to 148.4% at December 31, 2024.

**Liquidity and Capital Requirements – Year Ended December 31, 2024 versus Year Ended December 31, 2023:**

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were \$128,656,000 for the year ended December 31, 2024 compared to \$60,817,000 for the same period in 2023. The number of entrance fee move-ins was 485 in the year ended December 31, 2024 compared to 339 in the year ended December 31, 2023. One community started to offer rental contracts in July 2023. As mentioned previously, the rental contracts do not require an entrance fee. There were 102 rental contracts sold in the year ended December 31, 2024 and 68 in the same period in 2023. In addition, there were initial entrance fees at three communities of \$63,048,000 (137 closings) in the year ended December 31, 2024 and \$8,291,000 (15 closings) in the year ended December 31, 2023.

Daily operating expenses for 2024 increased to \$915,000 from \$912,000 in 2023, an increase of 0.3%. The overall unrestricted cash position decreased from \$194,359,000 at December 31, 2023 to \$118,469,000 at December 31, 2024, a change of 5.5%. The Days Cash on Hand Ratio decreased from 213 days at December 31, 2023 to 198 days at December 31, 2024.

Capital expenditures for the communities for the year ended December 31, 2024 were \$98,329,000, while depreciation expense for the same period was \$61,061,000. The remaining redevelopment projects account for \$35,136,000 of this year-to-date 2024 expenditure balance. In addition, various community projects were funded by the Series 2021, 2022 and 2023 financings in the amount of \$8,072,000 for the year ended December 31, 2024. Capital expenditures for the communities for the year ended December 31, 2023 were \$147,539,000, while depreciation expense for the same period was \$52,518,000. The redevelopment projects account for \$84,464,000 of this year-to-date 2023 expenditure balance. In addition, various community projects were funded by the Series 2018, 2019, 2021, 2022 and 2023 financings in the amount of \$39,290,000 for the year ended December 31, 2023.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

To evaluate the financial aspect of the needed re-investment in the communities, management targets capital expenditures as a percentage of depreciation in the range of 70% to 130%. This ratio is monitored on a 5-year historical view and a 10-year forecast period to assist with the annual capital expenditure decisions. The 5-year historical ratio for the Obligated Group at December 31, 2024 is 208% which is higher than the range as a result of the projects. The redevelopment projects and some community projects are mostly funded with long-term debt and internal cash. Routine capital projects are expected to be funded from internal cash flows.

On December 8, 2023, Lifespace Communities successfully completed a tax-exempt bond financing of Series 2023B (non-Florida) and 2023C (Florida). Lifespace received proceeds from issuing \$112 million. The bonds sold at a discount generating \$110.0 million of proceeds. The proceeds from these bonds will pay costs at Harbour's Edge for the assisted living and memory care building of \$18.9 million, fund specific large community projects in the 2024 budget of \$9.3 million, reimburse previous expended capital expenditures of \$19.2 million and refinance the Series 2023A bonds of \$52.5 million. The remainder of funds were funding issuance costs, the debt service reserve and capitalized interest.

On December 19, 2024, Lifespace Communities successfully completed a bond financing of Series 2024A and B with Iowa Finance Authority. Lifespace received proceeds from the issuance of \$149 million. The proceeds from these bonds i) refinanced the Iowa Finance Authority Revenue Bonds (Lifespace Communities, Inc.) Series 2021D, approximately \$53,000,000, ii) refinanced the Newcastle Place Loan in the outstanding principal amount, approximately \$57,000,000, and iii) funded various capital investment projects. As part of the financing, Newcastle Place, LLC became a Member of the Obligated Group.

Lifespace has secured a line of credit with a bank for \$25 million to support the redevelopment efforts and various board approved projects. The terms and covenants of the line of credit follow the master trust indenture. As of December 31, 2024, the outstanding amount borrowed on the line of credit is \$9.4 million.

One community is in the process of significant construction at December 31, 2024. The community is using proceeds from the Series 2022 Bonds. As with any construction project, the timing of expenditures and the project budget can change through the passage of time or as the project advances in development. The monthly Redevelopment Project Status Report filed on EMMA provides additional details regarding the construction projects.

Management continuously reviews and prioritizes the needs at each of the Communities to determine what is needed to enhance the Community, fill service gaps, stay competitive in the market place and grow. There is no guarantee that the Lifespace will complete all the projects, that the scope will not be materially altered or that additional Communities will not be added.

On November 21, 2024, Fitch reaffirmed the Obligated Group's 'BBB' credit rating, while improving the outlook from negative to stable.

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

In conjunction with the acquisition of Newcastle Place on July 1, 2021, Lifespace made an \$8,000,000 equity contribution and provided a Liquidity Support Agreement for the Newcastle Place long-term indebtedness. Lifespace also held approximately \$8,000,000 million of subordinated bonds issued by Newcastle Place. When Newcastle Place joined the Obligated Group in December 2024, Lifespace discharged the subordinate bonds and terminated the Liquidity Support Agreement.

As stated within the EMMA notice filed July 28, 2022, effective July 19, 2022, an unfunded Liquidity Support Agreement has been entered into between Lifespace and UMB Bank, National Association (the "Bond Trustee"), as trustee under the Bond Trust Indenture dated as of July 1, 2022 between Tarrant County Cultural Education Facilities Finance Corporation (the "issuer") and the Bond Trustee related to Senior Series 2022 Bonds. The Liquidity Support Agreement provides for an aggregate maximum support amount of \$7,412,300. At December 31, 2024, the Liquidity Support Agreement remains unfunded.

As stated within the EMMA notice filed January 9, 2023, Lifespace has agreed to provide certain limited financial support relative to the plan of reorganization contained within the Third Amended Disclosure Statement filed in December 2022 by Edgemere (collectively the "Plan"), pending final confirmation of the Bankruptcy Court. Specifically, the Plan provides for a settlement of all potential Estate, Trustee, DIP Lender and Resident claims against Lifespace in exchange for (a) a \$16.5 million payment to the Trustee on the Effective Date for Distribution to holders of the Original Bonds, pursuant to the terms of the Original Bond Documents (the "Lifespace Bond Contribution"), and (b) subject to certain conditions, annual payments (the "Lifespace Resident Contributions") made into a trust, pursuant to the schedule attached to the Third Amended Disclosure Statement, which funds shall be used to pay participating Residents for claims relating to their Residency Agreements. The anticipated Lifespace Resident Contributions will be paid over approximately 19 years in an aggregate amount of approximately \$143,000,000, subject to certain contribution deferral provisions. In exchange for the Lifespace Resident Contributions and the releases provided under the Plan, Lifespace will be entitled to a Pro Rata distribution of Litigation Trust Assets, in accordance with the terms of the Plan and the Litigation Trust Agreement. The Lifespace Bond Contribution and Lifespace Resident Contributions are collectively referred to as the "Lifespace Contribution". In January 2024, a contribution of \$11,470,000 was made in accordance with the annual payment schedule. In January 2025, a contribution of \$10,913,000 was made.

On February 10, 2023, Lifespace posted an event notice on EMMA as notification of the inurrence of a financial obligation. In conjunction with the Member Substitution Agreement of GreenFields of Geneva, Lifespace has provided financial support and entered into unfunded Liquidity Support Agreements. In December 2024, the Liquidity Support Agreement was amended to provide support of \$5,000,000. As of December 31, 2024, the Liquidity Support Agreement remains unfunded.

On May 25, 2023, the Iowa Finance Authority (the "*Authority*") issued its Revenue Bonds (Lifespace Communities, Inc.), Series 2023A in the original principal amount of \$52,500,000 (the "*Series 2023A Bonds*"), pursuant to a Bond Trust Indenture (the "*Bond Indenture*") dated as of

**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

May 1, 2023, between the Authority and U.S. Bank Trust Company, National Association, as bond trustee.

Lifespace also issued its Lifespace Communities, Inc. Master Indenture Note, Series 2023A (the “*Note*”), in the principal amount of \$52,500,000, under the Master Trust Indenture dated as of November 1, 2010, as supplemented and amended and Supplemental Master Trust Indenture No. 13 dated as of May 1, 2023, (“*Supplemental Master Indenture No. 13*”) (said Master Trust Indenture, together with said Supplemental Master Indenture No. 13 and all other amendments and supplements thereto, being referred to herein collectively as the “*Master Indenture*”).

The Series 2023A Bonds are also secured by the Barton Creek Senior Living Center, Inc. Series 2021 Obligation, issued by Barton Creek Senior Living Center, Inc., a Texas nonprofit corporation (“*Querencia*”), pursuant to the Master Trust Indenture, Deed of Trust and Security Agreement dated as of October 1, 2015, between Querencia and U.S. Bank Trust Company, National Association (the “*Querencia Master Trustee*”), and Supplemental Indenture Number 4 (“*Querencia Supplemental Indenture Number 4*”) between Querencia and the Querencia Master Trustee (said Master Trust Indenture, Deed of Trust and Security Agreement, together with said Supplemental Indenture Number 4 and all other amendments and supplements thereto, being referred to herein collectively as the “*Querencia Master Indenture*”).

The proceeds of the Series 2023A Bonds were loaned by the Authority to Lifespace pursuant to a Loan Agreement dated as of May 1, 2023 (the “*Loan Agreement*”), to provide a portion of the funds necessary (a) to fund, pursuant to the Fourth Amended Chapter 11 Plan of the Plan Sponsors Dated February 17, 2023 (as further amended, supplemented, or otherwise modified from time to time, the “*Plan*”) filed in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division case *In re: Northwest Senior Housing Corporation, et al.*, in settlement of any potential claims against the Corporation relating to its affiliation with Northwest Senior Housing Corporation d/b/a Edgemere (“*Edgemere*”), a Texas nonprofit corporation, and Senior Quality Lifestyle Corporation, a Texas nonprofit corporation, and in exchange for full releases and exculpation provided under the Plan: (i) initial payments to a residents trust and (ii) a bond settlement contribution payment to UMB Bank, N.A., as successor bond trustee under certain bond trust indentures relating to Edgemere and (b) to pay certain costs associated with the issuance of the Bonds, all as more fully defined and described hereinafter and in the Loan Agreement. As previously mentioned, the Series 2023A Bonds were refinanced with proceeds of \$52.5 million from the Series 2023B Bonds.

**Forward-Looking Statements:**

This document contains various “forward-looking statements”. Forward-looking statements represent our expectations or beliefs concerning future events. The words “plan”, “expect”, “estimate”, “budget” and similar expressions are intended to identify forward-looking statements. We caution that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements, including without limitations the factors described in this document.



**Lifespace Communities, Inc.**  
**Obligated Group**  
**Management's Discussion and Analysis**

We ask you not to place undue reliance on such forward-looking statements because they speak only of our views as of the statement dates. Although we have attempted to list the important factors that presently affect the Obligated Group's business and operating results, we further caution you that other factors may in the future prove to be important in affecting the Obligated Group's results of operations. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

**Lifespace Communities, Inc.**  
**Obligated Group Selected Historical Financial Information**  
(Thousands of \$)

<b>Historical Debt Service Coverage</b>	<b>Year Ended December 31 (Audited)</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Excess (deficit) of revenues over expenses	(39,211)	(167,091)	(89,046)
Less:			
Entrance fees earned	(35,730)	(36,518)	(34,963)
Initial redevelopment entrance fee and/or redevelopment deposits	(63,048)	(8,291)	(19,475)
Add:			
Depreciation	61,061	57,969	57,654
Amortization	17,604	18,101	18,733
Interest Expense	33,338	24,770	21,675
Expenses paid by long-term debt issuances	285	1,509	1,234
Unrealized (gain) loss on securities	(6,583)	(13,795)	27,006
Loss (gain) on Derivatives	2,052	1,546	(4,571)
Realized (gain) loss on sale of assets	731	(374)	5
Loss on extinguishment of debt	1,092	2,062	-
Loss on settlement	1,480	131,778	-
Entrance fee proceeds (less refunds)	128,656	60,817	84,241
Income available for debt service	<u>101,727</u>	<u>72,483</u>	<u>62,493</u>
Annual debt service payment	48,191	35,337	29,570
Annual debt service coverage (b)(c)(d)	2.1	2.1	2.1
Maximum annual debt service payment	59,370	53,795	44,314
Maximum annual debt service coverage (d)	1.7	1.3	1.4
<b>Cash to Debt</b>			
Unrestricted cash and investments (a)	181,469	194,359	198,354
Debt service reserve fund	<u>40,473</u>	<u>39,266</u>	<u>32,359</u>
	<u>221,942</u>	<u>233,625</u>	<u>230,713</u>
Bonds outstanding long-term	881,520	789,671	655,769
Annual debt service	48,191	35,337	29,570
Maximum annual debt service	59,370	53,795	44,314
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.3	0.4
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	4.6	6.6	7.8
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	3.7	4.3	5.2
Department operating expenses (excluding expenses paid by long-term debt issuances and bad debt) plus interest	334,804	332,928	315,210
Daily expenses	915	912	864
Days of unrestricted cash & investments on hand (b)(c)(d)	198	213	230
<b>Other Ratios</b>			
Net operating margin (c)(d)	7.4%	2.5%	-2.1%
Net operating margin, adjusted (c)(d)	22.8%	16.3%	16.6%
Adjusted debt to capitalization (c)(d)	148.4%	140.6%	112.4%

(a) The balances include the Cash & Cash Equivalents, Investments, and the Florida operating and renewal and replacement reserve funds.

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

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

(d) 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%.

**LIFESPACE, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**



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**LIFESPACE, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lifespace, Inc.  
Des Moines, Iowa

### Report on the Audit of the Consolidated Financial Statements

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Lifespace, Inc., which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lifespace, Inc. as of December 31, 2024 and 2023, and the results of their operations, changes in their net asset (deficit) and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Lifespace, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifespace, Inc.'s, ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lifespace, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lifespace, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors  
Lifespace, Inc.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
April 18, 2025

**LIFESPACE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(IN THOUSANDS)

	December 31,	
	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 48,337	\$ 60,531
Investments in Trading Portfolio, Excluding Those Whose Use is Limited	95,958	85,948
Accounts and Other Receivables	19,411	11,130
Allowance for Credit Losses	(2,809)	(1,393)
Inventories	722	722
Prepaid Insurance and Other	8,865	7,572
Assets Whose Use is Limited - Current	111,721	98,400
Assets Held for Sale	67,054	192,092
Total Current Assets	349,259	455,002
 <b>ASSETS WHOSE USE IS LIMITED - Noncurrent</b>	 118,215	 121,125
 <b>LONG-TERM RECEIVABLE</b>	 381	 -
 <b>PROPERTY AND EQUIPMENT, AT COST</b>		
Land and Improvements	94,104	91,072
Buildings and Improvements	1,490,939	1,295,127
Furniture and Equipment	135,669	110,533
Construction-in-Progress	82,633	206,075
Subtotal	1,803,345	1,702,807
Less: Accumulated Depreciation	655,689	591,731
Net Property and Equipment	1,147,656	1,111,076
 <b>SWAP DERIVATIVE</b>	 108	 2,719
 <b>GOODWILL, Net of Accumulated Amortization</b>	 88,858	 106,170
 <b>DEFERRED EXPENSES, Net of Accumulated Amortization</b>	 10,537	 5,767
 <b>INTANGIBLE ASSET, Net of Accumulated Amortization</b>	 17,623	 20,792
  Total Assets	  <u>\$ 1,732,637</u>	  <u>\$ 1,822,651</u>

See accompanying selected information to Consolidated Financial Statements.



**LIFESPACE, INC.**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(IN THOUSANDS)

	December 31,	
	2024	2023
<b>LIABILITIES AND NET DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 28,566	\$ 45,100
Accrued Liabilities:		
Employee Compensation Expense	24,860	18,533
Interest	9,444	10,617
Property Taxes	5,114	3,584
Other	13,214	5,194
Total Accrued Liabilities	52,632	37,928
Entrance Fee Refunds	6,853	9,826
Reserve for Health Center Refunds	27,635	31,643
Long-Term Debt Due within One Year	21,511	23,079
Settlement Payable Due within One Year	10,913	11,470
Obligation under Leases Due within One Year	1,048	1,073
Liabilities Held for Sale	6,917	228,704
Total Current Liabilities	156,075	388,823
<b>LONG-TERM LIABILITIES</b>		
Entrance Fee Deposits	2,139	10,804
Wait List Deposits	2,339	1,709
Long-Term Debt Due after One Year	1,044,249	1,010,208
Obligation under Leases Due after One Year	4,751	4,783
Settlement Payable	41,194	51,356
Deferred Entrance Fees	232,777	205,577
Refundable Entrance and Membership Fees	770,137	687,719
Estimated Obligation to Provide Future Services in Excess of Amounts Received or to be Received	718	-
Total Long-Term Liabilities	2,098,304	1,972,156
Total Liabilities	2,254,379	2,360,979
<b>NET DEFICIT</b>		
Without Donor Restrictions (Note 2)	(530,681)	(546,532)
With Donor Restrictions (Note 2)	8,939	8,204
Total Net Deficit	(521,742)	(538,328)
Total Liabilities and Net Deficit	\$ 1,732,637	\$ 1,822,651

See accompanying selected information to Consolidated Financial Statements.

**LIFESPACE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT**  
**(IN THOUSANDS)**

	Year Ended December 31,	
	2024	2023
<b>REVENUES</b>		
Independent Living Fees	\$ 208,814	\$ 177,234
Entrance Fees Earned and Nonrefundable Fees	39,634	35,545
Skilled Nursing and Assisted Living Fees	180,453	164,979
Other	1,288	573
Total Revenues	430,189	378,331
<b>EXPENSES</b>		
Operating Expenses:		
Salaries and Benefits	223,467	200,384
General and Administrative	73,521	65,516
Plant Operations	26,603	23,753
Housekeeping	1,822	1,677
Dietary	34,030	33,141
Medical and Other Resident Care	14,366	12,948
Depreciation	67,901	62,522
Amortization	29,166	30,604
Interest	45,010	36,029
Loss on Swap Derivative	2,052	1,546
Loss (Gain) on Disposal of Property and Equipment	1,903	(325)
Change in Obligation to Provide Future Services	718	-
Extinguishment of Debt	1,092	1,858
Gain on Interest Forgiveness	(1,139)	-
Total Expenses	520,512	469,653
<b>NONOPERATING INCOME (LOSS)</b>		
Investment Income	22,498	26,293
Loss on Settlement	(1,480)	(119,189)
Total Nonoperating Income (Loss)	21,018	(92,896)
<b>DEFICIT OF REVENUES OVER EXPENSES AND LOSS ON CONTINUING OPERATIONS</b>	(69,305)	(184,218)
<b>DISCONTINUED OPERATIONS</b>		
Loss from Operations of Discontinued Operations	(16,807)	(53,281)
Gain on Sale of Discontinued Operations	102,698	134,536
Total Gain on Discontinued Operations	85,891	81,255
<b>CHANGES IN NET ASSET (DEFICIT)</b>	16,586	(102,963)
Net Deficit - Beginning of Year	(538,328)	(435,365)
<b>NET DEFICIT - END OF YEAR</b>	<u>\$ (521,742)</u>	<u>\$ (538,328)</u>

See accompanying selected information to Consolidated Financial Statements.

**LIFESPACE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(IN THOUSANDS)

	Year Ended December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Asset (Deficit)	\$ 16,586	\$ (102,963)
Loss from Discontinued Operations	16,807	53,281
Adjustments to Reconcile Change in Net Deficit to		
Net Cash Provided (Used) by Operating Activities:		
Entrance Fees Earned	(39,634)	(35,545)
Interest Applied to Long-Term Debt	-	804
Proceeds from Nonrefundable Entrance Fees and Deposits	74,897	53,733
Refunds of Entrance Fees	(4,594)	(2,110)
Depreciation and Amortization	97,067	93,126
Amortization of Financing Costs	1,453	1,342
Net Accretion of Original Issue Premium and		
Discounts on Bonds	(1,705)	(1,808)
Change in Unrealized Appreciation		
of Investments	(7,626)	(13,788)
Net (Purchases) Sales of Trading Investments	(18,323)	57,358
Change in Obligation to Provide Future Service	718	-
Loss (Gain) on Disposal of Property and Equipment	1,903	(325)
Change in Entrance Fee Deposits	(7,993)	2,835
Loss on Swap Derivative	2,052	1,546
Loss on Extinguishment of Debt	1,092	1,858
Gain on Forgiveness of Interest	(1,139)	-
Gain on Sale of Discontinued Operations	(102,698)	(134,536)
Loss on Settlement	676	119,189
Changes in Operating Assets and Liabilities:		
Accounts and Other Receivables, Allowance for Credit Losses,		
Inventories, and Prepaid Insurance and Other	(31,380)	(2,122)
Trade Accounts Payable and Accrued Liabilities	1,989	11,215
Net Cash Provided by Continued Operating Activities	148	103,090
Net Cash Used by Discontinued Operating Activities	(33,228)	(32,727)
Net Cash Provided (Used) by Operating Activities	(33,080)	70,363
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(106,306)	(157,453)
Net Cash Used by Continued Investing Activities	(106,306)	(157,453)
Net Cash Used by Discontinued Investing Activities	(4,663)	(8,319)
Net Cash Used by Investing Activities	(110,969)	(165,772)

See accompanying selected information to Consolidated Financial Statements.

**LIFESPACE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
(IN THOUSANDS)

	Year Ended December 31,	
	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financing Costs Incurred	\$ (3,417)	\$ (5,028)
Proceeds from New Financings	170,551	207,820
Advances from Line of Credit	-	6,070
Repayment of Long-Term Debt	(8,630)	(8,780)
Extinguishment of Prior Debt	(110,049)	(52,500)
Cash Received on Settlement of Swap Derivative	559	-
Payments on Settlement	(11,470)	(66,792)
Payments on Leases	(180)	(517)
Proceeds from Refundable Entrance Fees and Deposits	147,393	94,997
Refunds of Refundable Entrance Fees	(79,427)	(78,694)
Net Cash Provided by Continued Financing Activities	105,330	96,576
Net Cash Provided by Discontinued Financing Activities	-	303
Net Cash Provided by Financing Activities	105,330	96,879
 <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	 (38,719)	 1,470
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	 206,553	 205,083
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	 <u>\$ 167,834</u>	 <u>\$ 206,553</u>
 <b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Interest Applied to Long-Term Debt	<u>\$ -</u>	<u>\$ 804</u>

See accompanying selected information to Consolidated Financial Statements.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**  
**(IN THOUSANDS)**

**NOTE 1 ORGANIZATION AND FUNCTION**

Lifespace, Inc. is an Iowa nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC), and is the sole corporate member of Lifespace Communities, Inc. (Lifespace) and the Lifespace Foundation (Foundation), all of which are also incorporated under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa and are tax exempt under Section 501(c)(3) of the IRC.

Lifespace was incorporated in 1976 as an Iowa nonprofit corporation. Lifespace provides housing, health care, and other related services to senior residents through operation of retirement communities. These communities operate mainly under the “life care” concept in which residents enter into a residency agreement that requires payment of a one-time entrance fee and monthly fees. Generally, these payments entitle residents to the use and privileges of the communities for life.

Lifespace is the sole member of Newcastle Place, LLC. (Newcastle Place) (Mequon, WI), which is also a state nonprofit corporation and tax exempt under 501(c)(3). Lifespace is also the sole member of Prairie View Club, Inc. (Prairie Village, KS). On December 1, 2024, concurrent with the issuance of the series 2024 bonds, Newcastle Place became a part of the Obligated Group.

Lifespace became the sole member of Friendship Village of Mill Creek, NFP dba: Greenfields of Geneva (Greenfields) (Geneva, IL) in February 2023. Greenfields is a state of Illinois nonprofit corporation and tax exempt under 501(c)(3).

Lifespace is the sole member of Craig Amarillo, LLC. (Amarillo, TX), Meadow Lake, LLC. (Tyler, TX), and Wesley Court, LLC. (Abilene, TX). These three communities make up the CMW Obligated Group and are individually tax exempt under 501(c)(3).

Edgemere and Augustine Management Texas, Inc. (AMT) formed Augustine Home Health Texas, LLC (AHHT), a Texas limited liability company. The purpose of AHHT was to operate as a licensed home and community support services agency offering personal assistance services to the residents of the Community. Edgemere was the controlling member of AHHT.

On June 13, 2023, Edgemere and AHHT were sold to a third party. Activity related to Edgemere and AHHT is presented as discontinued operations.

Lifespace was the sole member of the Tarrant County Senior Living Center, Inc (the Stayton). On May 31, 2024 the Stayton was sold to a third party. Prior period information has been reclassified to present the Stayton’s activity as discontinued operations and assets and liabilities held for sale.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 ORGANIZATION AND FUNCTION (CONTINUED)**

The accompanying consolidated financial statements include the financial results of divisions and entities of the Lifespace, Inc. companies, which are required to be consolidated in accordance with accounting principles generally accepted in the United States of America. All intercompany transactions eliminate within the consolidation.

Lifespace owns and operates 16 communities. Eleven communities and the support center office are separate divisions. Five communities are a legal entity of which Lifespace is the sole member. See listing of entities below.

Generally, each operating community consists of a health care center, independent living homes, and common areas.

Lifespace established an Obligated Group with 12 of the 16 communities. The Obligated Group is a financial reporting entity only and was created to facilitate financings of the respective Lifespace communities. Under this concept, each of the Obligated Group members is jointly liable for the debt outstanding for the group. The 12 communities of Lifespace creating the Obligated Group are:

Operating Name	Location
Abbey Delray* (Note 10)	Delray Beach, Florida
Abbey Delray South*	Delray Beach, Florida
Harbour's Edge*	Delray Beach, Florida
Friendship Village of Bloomington*	Bloomington, Minnesota
The Waterford*	Juno Beach, Florida
Friendship Village of South Hills*	Upper St. Clair, Pennsylvania
Beacon Hill*	Lombard, Illinois
Newcastle Place (Member as of December 2024)	Mequon, Wisconsin
Oak Trace*	Downers Grove, Illinois
Village on the Green*	Orlando, Florida
Querencia	Austin, Texas
Claridge Court*	Prairie Village, Kansas
Prairie View Club^	Prairie Village, Kansas

\*Member of Lifespace Communities, Inc.

^Operations of Prairie View Club are included in Claridge Court

CMW Obligated Group is made up of three communities. Each of the CMW Obligated Group members are jointly liable for that debt outstanding for the group. The three communities included in the CMW Obligated Group are:

Operating Name	Location
Craig Amarillo, LLC	Amarillo, Texas
Meadow Lake, LLC	Tyler, Texas
Wesley Court, LLC	Abilene, Texas

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**NOTE 1 ORGANIZATION AND FUNCTION (CONTINUED)**

The following divisions and entities are not members of the Obligated Group or the CMW Obligated Group:

<b>Legal / Operating Entity</b>	<b>Location</b>
Support Center	West Des Moines, Iowa
Greenfields of Geneva	Geneva, IL
Edgemere (Note 10)	Dallas, Texas
The Stayton (Note 10)	Ft. Worth, Texas
Lifespace Foundation	West Des Moines, Iowa
Seniority, Inc. (Administratively Dissolved)	Addison, Texas
SQLC (Administratively Dissolved)	Addison, Texas

The Foundation's primary purpose is to raise and invest funds to further the charitable purposes of Lifespace and its individual communities.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The assets and liabilities and net assets of Lifespace are reported as follows:

*Without Donor Restrictions* – Those resources over which the Board of Directors has discretionary control. "Board Designated" amounts represent those resources which the board has set aside for a particular purpose.

*With Donor Restrictions* – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the organization or the passage of time. The donors of these resources permit the organization to use all or part of the income earned, including capital appreciation, on related investments for unrestricted purposes.

**Investments**

Most investments are held in two pooled common trust funds. One pooled common trust fund consists of a money market investment, fixed income securities, and equity securities while the second consists of a money market investment and fixed income securities. Each participant in the pooled common trust funds owns shares of the fund. All pooled common trust fund shares are valued daily, based on the fair market value of each individual investment comprising the fund. Fair values are determined based on readily determinable market values. See Note 4 on the determination of fair value.

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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

Lifespace's investment portfolio, including the underlying investments of the pooled common trust fund, is designated as trading. Changes in unrealized gains and losses on investments designated as trading are reported within the investment income. In addition, net cash flows from the purchases and sales of investments are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Lifespace acquired insurance through a risk retention group which requires an investment in the membership of the group. This investment is measured at cost. A dividend payment of \$885 and \$528 was received in 2024 and 2023, respectively. Dividend payments are recorded in investment income.

Lifespace has an investment in a fund that invests in start-up companies associated with the senior living industry. This investment is measured at cost.

**Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are reported net of an allowance for credit losses to represent the Lifespace's estimate of expected losses at the balance sheet date. The adequacy of the Lifespace's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts more than 90 days past due are individually analyzed for collectability. When all collection efforts have been exhausted, the account is written off against the related allowance.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms, practices and the customer base has not changed significantly.

The allowance for credit losses was \$2,809 and \$1,393 at December 31, 2024 and 2023, respectively. Change in the allowance for expected credit losses for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Allowance for Expected Credit Losses		
Balance, Beginning of Year	\$ 1,393	\$ 1,307
Provision for Losses	1,975	1,248
Accounts Written Off as Uncollectible	(559)	(1,162)
Balance, End of Year	<u>\$ 2,809</u>	<u>\$ 1,393</u>



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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are recorded at original cost-plus capitalized interest, when applicable. Assets with a minimum unit cost of \$1 and a useful life in excess of one year are capitalized. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets. During the years ended December 31, 2024 and 2023, Lifespace capitalized interest charges of \$4,183 and \$7,039, respectively.

**Credit Risk**

Lifespace maintains its cash and cash equivalents in bank deposit accounts that may exceed federally insured limits. Most investments and assets limited as to use are held in a custodial arrangement and consist of investment grade interest bearing securities. Lifespace has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Lifespace grants credit without collateral to its residents, most of whom are local individuals and are covered under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows:

	December 31,	
	2024	2023
Medicare	37 %	40 %
Medicaid	3	3
Residents and Other Third-Party Payors	60	57
Total	100 %	100 %

**Inventory**

Inventory consists principally of food, maintenance supplies, and medical supplies. Inventories are valued at cost determined by the first-in, first-out (FIFO) method.

**Assets Whose Use is Limited**

Assets whose use is limited consist of employee, resident and future resident funds held in trust by Lifespace as a fiduciary, funds held by trustees under bond indenture agreements and funds held as reserves for state requirements. Assets whose use is limited may be used for obligations classified as current liabilities or they may be used to pay construction costs reported as current assets.

**Goodwill**

Goodwill represents the excess of the purchase price over the fair value of assets acquired. In May 2019, the accounting standards were updated allowing Lifespace to elect to amortize goodwill. Lifespace made this election, which applies to all existing and future goodwill.

Goodwill of \$52,823 was recorded as part of the Oak Trace acquisition. Starting January 1, 2019, this goodwill is amortized on a straight-line basis over 10 years.

**LIFESPACE, INC.**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Goodwill (Continued)**

Goodwill of \$77,276 was recorded as part of the affiliation with SQLC. In 2020, the remaining unamortized goodwill balance for Edgemere and SQLC were written off as impairment loss. In 2022, the remaining unamortized goodwill balance of \$31,543 for The Stayton was written off as impairment loss. The adjusted goodwill is \$5,512 which includes Querencia and Seniority. The remaining goodwill is amortized on a straight-line basis over an average of nine years.

Goodwill of \$47,867 was recorded as part of the acquisition of Newcastle Place in July 2021. This goodwill is amortized on a straight-line basis over an average of nine years.

Goodwill of \$34,908 was recorded as part of the acquisition of CMW Obligated Group in July 2022. This goodwill is amortized on a straight-line basis over an average of nine years.

Goodwill of \$15,248 was recorded as part of the acquisition of Greenfields in February 2023. Lifespace has 12 months from date of acquisition to adjust the goodwill balance based on facts and circumstances that become known. This goodwill is amortized on a straight-line basis over an average of seven years.

	Oak Trace	Querencia	Seniority	Newcastle	CMW Obligated Group	Greenfields	Total
<b>Goodwill</b>							
Balance at December 31, 2023	\$ 52,823	\$ 6,904	\$ (1,392)	\$ 47,867	\$ 34,908	\$ 15,248	\$ 156,358
Acquisition	-	-	-	-	-	-	-
Balance at December 31, 2024	<u>\$ 52,823</u>	<u>\$ 6,904</u>	<u>\$ (1,392)</u>	<u>\$ 47,867</u>	<u>\$ 34,908</u>	<u>\$ 15,248</u>	<u>\$ 156,358</u>
<b>Accumulated Amortization</b>							
Balance at December 31, 2023	\$ 26,412	\$ 3,680	\$ (627)	\$ 13,242	\$ 5,484	\$ 1,997	\$ 50,188
Amortization	5,282	813	(139)	5,297	3,881	2,178	17,312
Balance at December 31, 2024	<u>\$ 31,694</u>	<u>\$ 4,493</u>	<u>\$ (766)</u>	<u>\$ 18,539</u>	<u>\$ 9,365</u>	<u>\$ 4,175</u>	<u>\$ 67,500</u>

The schedule of amortization expense over the next five years for the goodwill on Lifespace, Inc. is as follows:

<u>Year Ending December 31.</u>	<u>Amount</u>
2025	\$ 17,331
2026	17,331
2027	17,306
2028	16,520
2029	11,306
Thereafter	9,064
Total	<u>\$ 88,858</u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Expenses**

Net deferred expenses of \$10,537 and \$5,767 at December 31, 2024 and 2023, respectively, are sales costs that are capitalized. These costs are amortized on a straight-line basis over the estimated life expectancy of the residents. The sales costs are \$12,528 and \$6,808 and the accumulated amortization was \$1,991 and \$1,041 in 2024 and 2023, respectively.

**Intangible Assets**

Intangible assets were recognized in the Oak Trace acquisition pertaining to health care bed licenses. In the SQLC affiliation and CMW Obligated Group acquisition, intangible assets were recognized pertaining to resident contracts. The value associated with the health care bed licenses is not amortized. The value associated with resident contracts is amortized over nine years. Both assets are evaluated for impairment on an annual basis or more frequently if impairment indicators arise. The balances for each asset were as follows:

	December 31,	
	2024	2023
Health Center Beds	\$ 2,755	\$ 2,755
Resident Contracts	14,868	18,037
Total Intangible Assets	<u>\$ 17,623</u>	<u>\$ 20,792</u>

Amortization expense of \$3,170 was recorded in 2024 and 2023, respectively. Accumulated amortization was \$12,193 and \$9,023 at December 31, 2024 and 2023, respectively.

The schedule of amortization expense over the next five years for the residents contracts on Lifespace, Inc. is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 3,170
2026	3,170
2027	2,435
2028	1,700
2029	1,700
Thereafter	2,693
Total	<u>\$ 14,868</u>

**Entrance and Membership Fees**

Entrance and membership fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. However, under the terms of the residency agreements, refunds of these fees will generally be paid from the proceeds of fees received from a successor resident. Therefore, these amounts are similar to a "permanent funding" arrangement except that the residents do not acquire an interest in the real estate and property of the community.

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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Entrance and Membership Fees (Continued)**

Lifespace presently has two residency plans: a traditional plan and a return-of-capital plan. Under the traditional plan, the entrance fees received are nonrefundable and recorded as deferred entrance fees. This deferred entrance fee is recognized as revenue earned on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident beginning with the date of each resident's occupancy. Under certain circumstances, a portion of the deferred entrance fee may be refunded to the resident upon termination of occupancy; such payments are charged against deferred entrance fees. Any unrecognized deferred entrance fee at the date of death or termination of occupancy of the respective resident is recorded as income in the period in which death or termination of occupancy occurs.

Under the return-of-capital plan, a portion of the entrance fee (0% to 50%) is nonrefundable and is recognized on the same basis as under the traditional plan. The remaining amount represents that portion of the entrance fee, less unreimbursed fees and expenses, which will be refunded to the resident upon termination of occupancy or death after receipt of a new entrance fee from a successor resident. This refundable portion is recorded as a liability until the time of payment.

The initial residents of Village on the Green and Harbour's Edge were required to pay an entrance fee consisting of an admission fee and a membership fee at the time of occupancy of an independent living home in the community. The membership entitles the holder to occupy a particular independent living home as well as access to the skilled nursing center and common areas of the community. The membership fees collected on sales to initial residents are recorded as a liability. Upon death or termination of occupancy, the community purchases the membership contract to sell as a return-of-capital contract.

The following is a summary of deferred entrance fees and refundable entrance and membership fees:

	December 31,	
	2024	2023
Deferred Entrance Fees	\$ 232,777	\$ 205,577
Refundable Entrance and Membership Fees	770,137	687,719
Total	<u>\$ 1,002,914</u>	<u>\$ 893,296</u>

In addition, residents have the option at the time of initial occupancy to upgrade from Lifespace's standard model of the independent living home they have selected at an additional cost to the resident. The additional amount received from the resident is in the nonrefundable entrance fees and is amortized consistent as the traditional contracts above.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Independent Living Fees and Skilled Nursing and Assisted Living Fees, Net (Resident Care Service Revenue)**

Resident care service revenue is reported at the amount that reflects the consideration to which Lifespace expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits and reviews. Lifespace bills all residents regardless of the level of living in which they reside at the beginning of the month and third-party payors in the month following the services being performed. Revenue for all communities is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Lifespace. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Lifespace believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in our community living in an independent or assisted living apartment or receiving skilled nursing services over a period of time. Lifespace measures the performance obligation from admission into the community to the point when it is no longer required to provide services to that resident, which is generally at the time the resident exits the community.

Residency plan contracts have no termination date and can be cancelled by residents at any time. Income under the residency plan contracts is not considered to provide a material right to future services. As result, fees under this contract are recognized monthly as services are performed.

Because all of Lifespace's remaining performance obligations relate to contracts with a duration of less than one year, Lifespace has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a). As such it is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the residents are discharged, which generally occurs within days or weeks of the end of the reporting period.

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**NOTE 2    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Independent Living Fees and Skilled Nursing and Assisted Living Fees, Net (Resident Care Service Revenue) (Continued)**

Lifespace determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments to third-party payors, or residents. Lifespace determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience.

The services provided through third-party payors are primarily paid through the Medical Assistance and Medicare programs. The Medical Assistance programs are covered through the state departments of health and rates charged are in accordance with the rules established in those states. The Medicare program is administered by the United States Centers for Medicare and Medicaid Services (CMS). The Medicare program pays on a prospective payment system, a per diem price-based system.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge Lifespace's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon Lifespace. In addition, the contracts Lifespace has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Lifespace's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price were not significant in 2024 or 2023.

**LIFESPACE, INC.**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Independent Living Fees and Skilled Nursing and Assisted Living Fees, Net (Resident Care Service Revenue) (Continued)**

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Lifespace estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the Resident's ability to pay are recorded as Credit Loss expense.

Lifespace has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors and service lines. Tables providing details of these factors are presented below.

The composition of Resident care service revenue by primary payor for the years ended December 31 are as follows:

	2024	2023
Residency Plan Agreement	\$ 254,438	\$ 218,782
Private Pay	62,684	60,581
Medicare	48,853	44,654
Medicaid	4,785	4,589
HMO/Managed Care	16,282	12,306
Hospice	289	354
Other	1,936	947
Total	<u>\$ 389,267</u>	<u>\$ 342,213</u>

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of resident care service revenue based on the lines of business for the years ended December 31 are as follows:

	2024	2023
Service Lines:		
Independent Living	\$ 208,814	\$ 177,234
Skilled Nursing Facility	119,171	109,768
Assisted Living and Memory Care	46,741	42,967
Home Health	14,541	12,244
Total	<u>\$ 389,267</u>	<u>\$ 342,213</u>

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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Independent Living Fees and Skilled Nursing and Assisted Living Fees, Net (Resident Care Service Revenue) (Continued)**

Lifespace has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Lifespace's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less. However, Lifespace does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The opening and closing contract asset and liability balances were as followed:

	Accounts Receivables	Deferred Entrance Fees
Balances as of January 1, 2023	\$ 20,591	\$ 182,565
Balances as of December 31, 2023	9,737	205,577
Balances as of December 31, 2024	16,602	232,777

Lifespace has elected to apply the practical expedient provided by FASB ASC 340-40-25-4, and expense as incurred the incremental customer contract acquisition costs for contracts in which the amortization period of the asset that Lifespace otherwise would have recognized is one year or less. However, incremental costs incurred to obtain residency agreements for which the amortization period of the asset that Lifespace otherwise would have recognized is expected to be longer than one year are capitalized and amortized over the life of the contract based on the pattern of revenue recognition from these contracts. Lifespace regularly considers whether the unamortized contract acquisition costs are impaired if they are not recoverable under the contract. During the year ended December 31, 2024 and 2023, no unamortized costs were expensed because of the impairment analysis. At December 31, 2024 and 2023, the customer contract acquisition costs are \$12,794 and \$7,337, respectively. During the years ended December 31, 2024 and 2023, Lifespace recognized amortization expense of \$925 and \$908, respectively. The net is presented in deferred expenses on the accompanying consolidated balance sheets.

**Reserve for Health Center Refunds**

The reserve for health center refunds relates to residents with a return-of-capital plan who have been permanently assigned to a higher level of care, who have given up their independent living home, and it has been re-occupied by a successor resident. The refundable portion of the entrance fee will be paid to the original resident or their estate upon termination of occupancy or death.



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**NOTE 2    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Hardship Discounts**

Residents accepted into residency may, from time to time through no fault of their own, run out of financial resources and request financial assistance with their monthly fee and other living expenses. Lifespace provides such financial assistance (hardship discounts and living expense assistance) to its residents when they have used up their financial resources judiciously. The community can provide the hardship discount or assistance without jeopardizing the financial well-being of the entire community. The amount of hardship discounts recognized in the consolidated statements of operations and changes in net deficit was \$3,103 and \$3,752 for the years ended December 31, 2024 and 2023, respectively.

**Deficit of Revenue Over Expenses**

The statements of operations and changes in net deficit without donor restrictions include a line entitled "Deficit of Revenues over Expenses and Loss on Continuing Operations" which is an important performance indicator for Lifespace. Changes in net deficit which are excluded from the performance indicator, consistent with industry practice, include grant proceeds for capital purposes, assets released from restriction for capital purposes, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

**Income Taxes**

Lifespace, Inc., Lifespace Communities, Inc., Newcastle Place, Foundation, Querencia, The Stayton, Greenfields and members of CMW Obligated Group have been granted exemptions from federal income tax under Section 501(c)(3) of the IRC and have been designated as publicly supported organizations (rather than private foundations) excluding Prairie View Club of Kansas, which is treated as for-profit corporation.

Lifespace evaluates tax positions taken or expected to be taken in the course of preparing its tax returns to determine whether it is "more likely than not" that each tax position would be sustained upon examination by a taxing authority based on the technical merits of the position. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. As of or during the years ended December 31, 2024 and 2023, Lifespace has not recorded any such tax benefit or expense in the accompanying consolidated financial statements. No examinations are in progress or anticipated at this time. Lifespace's federal income tax returns are open to examination for the years ended December 31, 2021 through December 31, 2023.

**Consolidated Statements of Cash Flows**

For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash represent investments routinely used in operations with original maturities of three months or less.

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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Consolidated Statements of Cash Flows (Continued)**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

	December 31,	
	2024	2023
Cash and Cash Equivalents	\$ 48,337	\$ 60,531
Cash and Cash Equivalents Held in Assets and Liabilities Held for Sale	-	1,428
Restricted Cash included in Assets Whose Use is Limited - Current	101,759	114,191
Restricted Cash included in Assets Whose Use is Limited - Noncurrent	17,738	30,403
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 167,834</u>	<u>\$ 206,553</u>

During the years ended December 31, 2024 and 2023, Lifespace received interest income of \$10,918 and \$11,902, respectively, and paid interest charges of \$55,610 and \$44,810, respectively.

**Contributions and Gift Annuities**

The Foundation recognizes gifts of cash and other assets at fair value when received or pledged unconditionally. Gift annuities represent contributions made by a donor to the Foundation in exchange for a commitment to pay back to the donor a fixed annuity over their remaining life. The Foundation has established a minimum for gift annuities. The related gift annuity obligation is determined based on the present value of the expected future payments payable to the donor over their remaining life, actuarially adjusted annually. The discount rate used in determining the obligation is determined by the American Council of Gift Annuities at the time of contribution.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Reclassifications**

Certain 2023 amounts have been reclassified to conform with the 2024 presentation due to the discontinued operations of two communities and the inclusion of one community in the Obligated Group.

**LIFESPACE, INC.**  
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**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Future Service Obligation**

Lifespace is obligated to provide future services to residents based upon the resident contracts in place. Greenfields of Geneva has a liability recognizing an obligation to provide future services to residents. This liability is recorded when the present value of future cash outflows, adjusted for certain noncash items, exceeds the present value of future cash inflows, adjusted for unamortized deferred revenue. The comparison between the estimated future costs to serve residents and the revenues from those residents who were parties to a resident agreement resulted in a future service obligation, discounted at 5.50%, of \$718 and \$-0- at December 31, 2024 and 2023, respectively.

**NOTE 3 BUSINESS COMBINATIONS**

As stated under Note 1 "Organization and Function," Lifespace became the sole member of Greenfields in 2023.

Lifespace is required to recognize and measure the identifiable assets acquired and liabilities assumed at the affiliation date fair values. The following table summarizes the estimated fair value of the assets acquired and liabilities assumed as of the date of acquisition.

	Greenfields of Geneva
Consideration Paid	\$ -
Identifiable Finance Assets and Liabilities:	
Financial Asset	17,091
Receivables	728
Inventory	23
Prepaid Expenses	203
Land, Buildings and Improvements	91,792
Equipment	774
Furniture	492
Financial Liabilities	(3,232)
Non-Refundable Entrance Fees	(13,878)
Refundable Entrance Fees	(36,083)
Bonds Payable	(70,158)
Capital Contribution	(3,000)
Subtotal	<u>(15,248)</u>
Implied Goodwill	<u>\$ 15,248</u>

The excess of purchase consideration over the fair value of the net tangible and identifiable intangible assets acquired was recorded as goodwill. The primary factors for goodwill were resident contracts, assembled workforce and synergies. The fair values assigned to tangible and identifiable intangibles assets acquired and liabilities assumed are based on management's estimates and assumptions. The estimated fair value of certain intangible assets was calculated by an independent third party valuation specialist.

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**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Disclosures are required of fair value information about financial instruments, whether or not recognized in the consolidated balance sheets, for which it is practical to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparisons to independent markets and, in many cases, could not be realized in immediate settlement of the instrument.

The following determinations were made by Lifespace in estimating its fair value for financial instruments:

*Cash and Cash Equivalents* – These assets are stated at fair value, which is based on quoted market prices, where available.

*Investments* – These assets are stated at fair value, which is based on quoted market prices, where available (see Note 5).

*Derivatives* – These liabilities are stated at fair value, which is based on quoted market prices, where available.

Fair value is defined as the price Lifespace would receive upon selling a security in a timely transaction to an independent buyer in the principal or most advantageous market of the security at the measurement date. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of Lifespace. Unobservable inputs are inputs that reflect Lifespace's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

*Level 1* – Quoted prices available in active markets for identical securities as of the reporting date. The type of securities included in Level 1 is listed equities and commercial paper, as applicable.

*Level 2* – Other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.). Investments that are generally included in this category are U.S. government obligations and corporate bonds.

*Level 3* – Significant unobservable inputs (including Lifespace's assumptions in determining the fair value of investments). Included in this category is an investment in a charitable remainder trust.

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**NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by Lifespace in determining fair value is greatest for instruments categorized in Level 3.

Fair values of equity securities are determined using public quotations. Fair values of debt securities have been determined through the use of third-party pricing services using market-observable inputs. The following is a summary of the inputs used:

December 31, 2024				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
<b>ASSETS</b>				
Money Market	\$ 113,293	\$ 113,293	\$ -	\$ -
Equity Securities	37	37	-	-
Pooled Common Trust Funds	156,117	-	156,117	-
Corporate Bonds	8,900	-	8,900	-
U.S. Government and Federal Issues	42,595	-	42,595	-
Foreign Issues	2,971	2,971	-	-
Total Assets	<u>\$ 323,913</u>	<u>\$ 116,301</u>	<u>\$ 207,612</u>	<u>\$ -</u>
December 31, 2023				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
<b>ASSETS</b>				
Money Market	\$ 125,814	\$ 125,814	\$ -	\$ -
Equity Securities	18	18	-	-
Pooled Common Trust Funds	131,689	-	131,689	-
Corporate Bonds	11,772	-	11,772	-
U.S. Government and Federal Issues	32,007	-	32,007	-
Foreign Issues	2,692	2,692	-	-
Total Assets	<u>\$ 303,992</u>	<u>\$ 128,524</u>	<u>\$ 175,468</u>	<u>\$ -</u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5 INVESTMENTS**

A summary of the investments is as follows:

	December 31,	
	2024	2023
Money Market Funds	\$ 113,293	\$ 125,814
Equity Securities	37	18
Pooled Common Trust Fund	156,117	131,689
Corporate Bonds	8,900	11,772
U.S. Government and Federal Agency Bonds	42,595	32,007
Foreign Domiciled U.S. Equity Securities	2,971	2,692
Dorvie	500	-
Risk Sharing Group	1,147	1,147
Start-Up Fund	334	334
Total	<u>\$ 325,894</u>	<u>\$ 305,473</u>

The investments noted above are represented in the consolidated balance sheets in the following line items:

	December 31,	
	2024	2023
Investments in Trading Portfolio, Excluding		
Those Whose Use is Limited	\$ 95,958	\$ 85,948
Assets Whose Use is Limited – Current	111,721	98,400
Assets Whose Use is Limited – Noncurrent	118,215	121,125
Total	<u>\$ 325,894</u>	<u>\$ 305,473</u>

A majority of Lifespace's investments are held in two pooled common trust funds, which are administered by an outside investment advisor. The asset allocation of the pooled common trust funds is as follows:

	December 31,	
	2024	2023
Money Market Funds	2 %	2 %
U.S. Government Obligations	30	27
Corporate Bonds	18	19
Asset-Backed Securities	5	4
Common Stock	43	44
Mortgage Backed Securities	2	4
Total	<u>100 %</u>	<u>100 %</u>

The Lifespace Board of Directors is responsible for determining asset allocations through an investment policy governing the outside investment advisor. The Finance and Investment Committee meets periodically with the outside investment advisor to review targeted allocations, discuss specific investments, and, if necessary, adjust targeted asset allocations.

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**NOTE 5 INVESTMENTS (CONTINUED)**

Investment income is comprised of the following:

	December 31,	
	2024	2023
Dividend and Interest Income	\$ 10,207	\$ 10,918
Net Realized Gains on Investments	4,666	1,587
Change in Unrealized Appreciation of Investments	7,625	13,788
Total Investment Income	<u>\$ 22,498</u>	<u>\$ 26,293</u>

Investment management and custodial fees amounted to \$377 and \$472 for the years ended December 31, 2024 and 2023, respectively. The fees are included in general and administrative.

**NOTE 6 LIQUIDITY AND AVAILABILITY**

As of December 31, 2024 and 2023, Lifespace has a working capital surplus of \$200,883 and \$73,631 and days cash on hand of 163 and 181, respectively.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	December 31,	
	2024	2023
Cash and Cash Equivalents	\$ 48,337	\$ 60,531
Investments in Trading Portfolio, at Fair Value	95,958	85,948
Accounts and Other Receivables	16,602	9,737
Assets Whose Use is Limited	229,936	219,525
Total Financial Assets	<u>390,833</u>	<u>375,741</u>
Less Amounts Unavailable to be Used		
Within One Year:		
Insurance Deposits	136	110
Foundation Investments	8,276	7,887
Operating and Renewal and Replacement Funds	42,853	38,400
Funds Held by Trustee	54,337	52,579
Entrance Fee and Wait List Deposits	8,553	17,935
Team Member Appreciation Funds	373	241
Total Unavailable Within One Year	<u>114,528</u>	<u>117,152</u>
Financial Expenditures Available to Meet Cash Needs		
Within One Year	<u>\$ 276,305</u>	<u>\$ 258,589</u>

**LIFESPACE, INC.**  
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**NOTE 7   ENTRANCE FEE DEPOSITS**

When a residency agreement is signed, a deposit of generally 10% of the entrance fee is collected. The balance of the fee is payable prior to occupancy, but generally no later than 90 days from the date of the agreement. Generally, depositors may cancel their residency agreements at any time prior to admission and receive at least a partial refund of their deposit.

At December 31, 2024 and 2023, deposits of \$2,139 and \$10,804, respectively, had been received from future residents who have signed residency agreements and an approximate additional \$19,251 and \$97,236, respectively, is due upon occupancy by the future residents. Funds on deposit are generally classified as assets whose use is limited until the final balance is collected from the resident.

At December 31, 2024 and 2023, Lifespace had one and zero residents on the deferred entrance fee contract, respectively, and will pay the final portion of \$279 and \$-0-, respectively, in the following year. The remaining portion due is classified within trade accounts receivables.

**NOTE 8   CONSTRUCTION IN PROGRESS**

Lifespace has construction in progress of \$82,633 and \$206,075 at December 31, 2024 and 2023, respectively. A portion of this represents updates to common areas at various communities. For the years ended December 31, 2024 and 2023, \$2,550 and \$15,555 of construction payables are recorded in accounts payable, respectively.

Two of the communities were in the process of significant construction at December 31, 2023. One of these communities completed their project at the beginning of 2024 and the other is expected to be completed in phases over the next few years. The construction in progress for these construction projects is \$40,801 and \$142,115 at December 31, 2024 and 2023, respectively. As with any construction project, the timing of expenditures and project budget can change through the passage of time or as the project advances in development.



**LIFESPACE, INC.**  
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**NOTE 9 FINANCING AGREEMENTS**

Long-term debt for the consolidated entity consisted of the following:

	December 31,	
	2024	2023
Revenue Bonds:		
Series 2024, 5.0% - 6.625%	\$ 149,225	\$ -
Series 2023, 6.6% - 11.0%	109,523	111,744
Series 2022, 5.0% - 5.5%	191,580	195,890
Series 2021, 4.0%	119,445	155,683
Series 2019, 2.875% - 5.0%	79,215	79,215
Series 2018, 4.125% - 5.0%	164,925	164,925
Series 2017, 5.0%	60,860	61,565
Series 2017, 5.0%, Taxable	10,115	10,115
Series 2016, 5.00%	69,545	69,544
Series 2015, 1.5% - 5%	89,850	96,745
Series 2004, 6.00%	-	210
Series 2004, 4.00%	2,655	2,655
Other:		
Lifespace Term Loan	-	4,271
Line of Credit	9,432	9,432
Bank Loan	-	58,365
	<u>1,056,370</u>	<u>1,020,359</u>
Plus: Net unamortized Original Issue Premium/Discounts on Bonds	25,456	27,866
Less: Unamortized Financing Costs	<u>(16,066)</u>	<u>(14,938)</u>
	1,065,760	1,033,287
Less: Amounts Due within One Year	<u>21,511</u>	<u>23,079</u>
Long-Term Debt Due after One Year	<u>\$ 1,044,249</u>	<u>\$ 1,010,208</u>

The Lifespace term loan had an interest rate of 3.35% and a maturity date in May 2026. Due to the sale of the business office in 2024 this term loan was paid off.

The Lifespace line of credit has a variable interest rate and a maturity date in August 2026.

Newcastle Place had entered into loan agreements at the time of acquisition. The bank loan had a variable interest rate, final maturity of July 1, 2028. Newcastle Place entered into a swap agreement to fix the interest rate at 3.089%. Under the term loan there was certain provisions limiting the management fee that could be collected by Lifespace. The difference between the management fee charged, and the management fee collected, were added to the notes payable to Lifespace. On December 1, 2024 the outstanding loan was refinanced and the swap was terminated as a part of the series 2024 bond issuance.

**LIFESPACE, INC.**  
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**NOTE 9 FINANCING AGREEMENTS (CONTINUED)**

**Revenue Bonds**

Lifespace enters into loan or lease agreements with government entities to be the issuer of tax-exempt debt. Tax-exempt debt is then issued on behalf of Lifespace through the issuer. Payments under a loan or lease agreement between Lifespace and the issuer become the vehicle for servicing the debt on behalf of Lifespace. The bonds, loan agreements, and lease agreements are reflected in the accompanying consolidated financial statements as financing arrangements and related obligations of Lifespace.

At the time of issuance, bonds are often sold at a premium or an original issue discount. Any premium or discount is amortized over the life of the bonds and is recognized as an increase to or reduction of interest expense.

Long-term debt includes deferred financing costs of \$21,327 and \$19,540 as of December 31, 2024 and 2023, respectively, which are being amortized over the life of the bonds issued in relation to the debt outstanding. In 2024, Lifespace added \$3,417 in new financing costs from the 2024 financings. In addition, Lifespace wrote off deferred financings costs of \$1,092 for debt that was refinanced. In 2023, Lifespace added \$5,028 in new financing costs from the 2023 financing. In addition, Lifespace wrote off deferred financing costs of \$2,152 for debt that was refinanced and \$1,085 for debt that was fully amortized. The accumulated amortization was \$5,261 and \$4,602 in 2024 and 2023, respectively. The annual expense which is included in interest expense was \$956 and \$1,393 in 2024 and 2023, respectively.

On February 1, 2023, Greenfields as a part of the acquisition by Lifespace assumed the series 2017 taxable bonds that were issued by the previous sole member of Greenfields, Friendship Senior Options in November 2017. Lifespace assumed the full \$10,115 of the taxable bonds and received escrows to pay down a portion of the bonds upon maturity. The escrows received include debt service funds, liquidity support accounts and funds received from the employee retention credit applied for by the predecessor. The bonds are interest only payments until maturity in 2027. Lifespace Communities is only obligated for up to \$2,800 in the event the escrows received do not cover the full the amount of the bonds outstanding upon maturity.

Under the borrowing arrangements, Lifespace has mortgaged the real property and has granted a security interest to the trustees in the equipment, accounts receivable, and contract rights of its communities; however, the secured interest provides that the liabilities of the Obligated Group and The Stayton are limited to the revenues and collateral of the respective communities and that, upon litigation thereunder, the amount of any recovery from Lifespace shall be limited to such assets and shall not extend to any other assets of Lifespace. The debt agreements contain various covenants with which Lifespace must comply.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 FINANCING AGREEMENTS (CONTINUED)**

**Revenue Bonds (Continued)**

Most of the bonds have level debt service with increasing annual principal payments as interest payments decrease. The term for principal repayment on each series bonds are shown in the table below:

	Principal Payments	
	Next Payment	Final Payment
Revenue Bonds:		
Series 2024	2025	2059
Series 2023	2025	2058
Series 2022	2025	2052
Series 2021	2025	2056
Series 2019	2049	2055
Series 2018	2031	2048
Series 2017	2025	2030
Series 2016	2031	2047
Series 2015	2025	2045
Series 2004	2025	2034

Most of the revenue bonds contain optional prepayment provisions that allow Lifespace to repay certain bonds prior to maturity at par or various premium rates over defined timeframes. Mandatory repayment of all revenue bonds is without premium.

**Scheduled Maturities**

At December 31, 2024, scheduled maturities (including mandatory sinking fund requirements) are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 21,511
2026	29,945
2027	129,598
2028	15,578
2029	16,555
Thereafter	843,183
Total	<u><u>\$ 1,056,370</u></u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 FINANCING AGREEMENTS (CONTINUED)**

**Derivatives and Variable Interest Rate Risk Management**

Lifespace uses derivative instruments to manage variable interest rates on certain long-term debt issues. As part of the Lifespace's strategy to manage the variability of interest rates, Lifespace has multiple interest rate swap agreements to reduce the impact of changes in interest rates.

**Restricted Assets**

Under the terms of Lifespace's various financing arrangements, wait list agreements, residency agreements, and state statutes, the use of certain funds has been restricted and shown as assets whose use is limited, as detailed below:

	December 31,	
	2024	2023
Insurance Deposits	\$ 136	\$ 110
Foundation Investments	8,276	7,887
Operating and Renewal and Replacement Reserve Funds	42,853	38,400
Debt Service Reserve Funds	53,241	51,953
Principal and Interest Funds	17,353	13,853
Pennsylvania Liquid Reserve	53	53
Liquidity Support Fund	5,233	5,004
Project Funds	90,499	81,307
Cost of Issuance Fund	1	3
Entrance Fee Deposits	4,413	16,129
Entrance Fee Fund	5	-
Wait List Deposits	4,140	1,806
Real Estate Tax and Insurance Escrow	1,042	570
Working Capital	2,318	2,209
Team Member Appreciation Funds	373	241
Total	229,936	219,525
Less: Current Portion	111,721	98,400
Long-Term Portion	\$ 118,215	\$ 121,125

Fund amounts are classified as current to the extent that they may be used to pay construction costs or liabilities classified as current.

**Insurance Deposits**

Lifespace maintains workers' compensation coverage and general liability/professional liability coverage that requires maintaining a deposit with the insurance provider.

**Foundation Investments**

The Foundation maintains investments for financial support of its residents, gift annuities to donors, and to provide college scholarships to employees working in some of the communities.

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**NOTE 9 FINANCING AGREEMENTS (CONTINUED)**

**Operating and Renewal and Replacement Reserve Funds**

Abbey Delray, Abbey Delray South, Harbour's Edge, The Waterford, and Village on the Green are required by the state of Florida to maintain operating and renewal and replacement reserve funds in amounts sufficient to satisfy certain minimum reserve requirements.

**Debt Service Reserve Funds**

Under the terms of Lifespace's various financing arrangements, various series of bonds are required to maintain either a debt service reserve fund equal to the maximum annual principal and interest coming due in any succeeding fiscal year or a balance specified in the trust indenture for the specified series of bonds.

**Principal and Interest Funds**

Each series of bonds require monthly principal and interest payments or monthly deposits to their debt service funds in an amount sufficient to make periodic principal and interest payments on the respective underlying debt. The Series 2021, Series 2023 and Series 2024 bond financings included approximately 24 months of funded interest that is included in this amount.

**Pennsylvania Liquid Reserve**

South Hills is required by the state of Pennsylvania to maintain reserves calculated from debt service and operating costs. Based on a December 31, 2024 calculation, South Hills is required to maintain \$4,488 in reserves. Friendship Village South Hills has \$7,358 in restricted accounts at December 31, 2024 that meet this requirement.

A majority of the reserves are held in the debt service and debt service reserve funds. When the balance in the debt service and debt service reserve funds is not adequate to meet the Pennsylvania requirement, deposits are made into the Pennsylvania Liquid Reserve account.

**Liquidity Support Fund**

Greenfields has revenue bond proceeds that are segregated in a separate bank account. The funds are restricted for payment of the 2017 taxable bonds in November 2027.

**Project Funds**

Revenue bond proceeds are segregated in a separate bank account. These funds are drawn on to meet the obligations of the construction projects as they are due.

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**NOTE 9 FINANCING AGREEMENTS (CONTINUED)**

**Cost of Issuance Fund**

Revenue bond proceeds are segregated in a separate bank account. These funds are drawn on to meet the obligations of the financing costs that are due.

**Entrance Fee Deposits**

Entrance fee deposits represent deposits collected to secure a specific independent living home for residency in the community and are placed in an escrow account in accordance with the residency agreement. Funds are maintained in the entrance fee escrow until the resident closes on the independent living home and the community requests the funds be disbursed in accordance with the escrow agreement.

**Entrance Fee Fund**

According to the bond documents, 85% of the initial entrance fees received are deposited into the Entrance Fee Funds which in turn pays a portion of the principal down on Series 2022 bonds.

**Wait List Deposits**

Wait list deposits represent deposits collected to secure a position on the waiting list for residency in the respective community.

**Real Estate Tax and Insurance Escrow**

Monthly deposits are made to escrow funds to pay real estate taxes on a semi-annual basis for Newcastle Place, CMW Obligated Group and Greenfields. In addition, monthly deposits are made to escrow funds for insurance payments when they become due for CMW Obligated Group.

**Working Capital**

For CMW Obligated Group, the bond proceeds are segregated in a separate bank account. These funds are drawn on to meet the obligations of development and marketing fees, operating expenses, costs of needed repairs, routine capital expenditures, amounts due on debt payments, or other costs permitted under the financing arrangements.

**Team Member Appreciation Funds**

Residents at each community may voluntarily establish a fund to provide team member appreciation disbursements.

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**NOTE 10 DISCONTINUED OPERATIONS**

Edgemere

Effective June 13, 2023, Lifespace sold Edgemere to an unrelated entity.

In accordance with the accounting standard Accounting for Reporting Discontinued Operations, the operating activity for this entity is presented as discontinued operations in the consolidated statement of operations and changes in net assets.

There were no assets or liabilities related to this entity at the years ended December 31, 2024 and 2023 due to the sale occurring in 2023.

The amount included in discontinued operations as of December 31, 2024 and 2023 consist of:

	December 31,	
	2024	2023
Total Revenues	\$ -	\$ 15,107
Total Expenses	-	36,247
Net Loss from Discontinued Operations	<u>\$ -</u>	<u>\$ (21,140)</u>

Upon the sale of assets for Edgemere, a gain on sale of \$134,536 was recorded for the year ended December 31, 2023.

The Stayton

Effective May 31, 2024, Lifespace sold The Stayton to an unrelated entity.

In accordance with the accounting standard Accounting for Reporting Discontinued Operations, the operating activity for this entity is presented as discontinued operations in the consolidated statement of operations and changes in net assets.

The assets and liabilities held for sale at December 31, 2024 and 2023 consist of:

	December 31,	
	2024	2023
Total Assets	\$ -	\$ 123,695
Total Liabilities	-	219,714
Net Liabilities Held for Sale	<u>\$ -</u>	<u>\$ (96,019)</u>

The amount included in discontinued operations as of December 31, 2024 and 2023 consist of:

	December 31,	
	2024	2023
Total Revenues	\$ 9,558	\$ 24,815
Total Expenses	18,719	38,611
Net Loss from Discontinued Operations	<u>\$ (9,161)</u>	<u>\$ (13,796)</u>

Upon the sale of assets for this The Stayton, a gain on sale of \$102,765 was recorded for the year ended December 31, 2024.

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**NOTE 10 DISCONTINUED OPERATIONS (CONTINUED)**

Abbey Delray

Effective February 14, 2024 Lifespace listed Abbey Delray for sale.

In accordance with the accounting standard Accounting for Reporting Discontinued Operations, the operating activity for this entity is presented as discontinued operations in the consolidated statement of operations and change in net assets.

The assets and liabilities held for sale at December 31, 2024 and 2023 consist of:

	December 31,	
	2024	2023
Total Assets	\$ 67,054	\$ 68,397
Total Liabilities	6,917	8,990
Net Assets Held for Sale	<u>\$ 60,137</u>	<u>\$ 59,407</u>

The amount included in discontinued operations as of December 31, 2024 and 2023 consist of:

	December 31,	
	2024	2023
Total Revenues	\$ 34,394	\$ 32,782
Total Expenses	42,107	51,127
Net Loss from Discontinued Operations	<u>\$ (7,713)</u>	<u>\$ (18,345)</u>

Abbey Delray was sold on April 1, 2025 (Note 15).



**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**  
**(IN THOUSANDS)**

**NOTE 11 FUNCTIONAL CLASSIFICATION OF EXPENSES**

As discussed in Note 1, Lifespace provides housing, skilled care and ancillary services to residents. The functional classification of expenses related to providing these services consisted of the following for the years ended December 31:

Year Ended December 31, 2024							
	Program Services					Supporting Services	Total
	Independent Living	Home Health	Skilled Nursing	Assisted Living	Total Program Services	Management and General	
Salaries and Benefits	\$ 105,480	\$ 10,714	\$ 61,887	\$ 19,001	\$ 197,082	\$ 26,385	\$ 223,467
General and Administrative	44,839	-	8,893	5,761	59,493	14,028	73,521
Plant Operations	18,258	-	5,064	3,281	26,603	-	26,603
Housekeeping	1,250	-	347	225	1,822	-	1,822
Dietary	23,355	-	6,478	4,197	34,030	-	34,030
Medical and Other Resident Care	1,349	772	10,224	2,021	14,366	-	14,366
Depreciation	44,272	-	12,280	7,955	64,507	3,394	67,901
Amortization	20,017	-	5,552	3,597	29,166	-	29,166
Interest	30,891	-	8,568	5,551	45,010	-	45,010
Total Expense	<u>\$ 289,711</u>	<u>\$ 11,486</u>	<u>\$ 119,293</u>	<u>\$ 51,589</u>	<u>\$ 472,079</u>	<u>\$ 43,807</u>	<u>\$ 515,886</u>

Year Ended December 31, 2023							
	Program Services					Supporting Services	Total
	Independent Living	Home Health	Skilled Nursing	Assisted Living	Total Program Services	Management and General	
Salaries and Benefits	\$ 90,518	\$ 9,518	\$ 60,402	\$ 17,317	\$ 177,755	\$ 22,629	\$ 200,384
General and Administrative	34,010	-	6,346	4,111	44,467	21,049	65,516
Plant Operations	16,194	-	4,587	2,972	23,753	-	23,753
Housekeeping	1,143	-	324	210	1,677	-	1,677
Dietary	22,595	-	6,400	4,146	33,141	-	33,141
Medical and Other Resident Care	1,100	611	9,233	2,004	12,948	-	12,948
Depreciation	40,495	-	11,470	7,431	59,396	3,126	62,522
Amortization	20,865	-	5,910	3,829	30,604	-	30,604
Interest	24,564	-	6,958	4,507	36,029	-	36,029
Total Expense	<u>\$ 251,484</u>	<u>\$ 10,129</u>	<u>\$ 111,630</u>	<u>\$ 46,527</u>	<u>\$ 419,770</u>	<u>\$ 46,804</u>	<u>\$ 466,574</u>

The loss on swap derivative, gain/loss on disposal of property, change in the obligation to provide future services, extinguishment of debt and gain on interest forgiveness are excluded for the years ending December 31, 2024 and 2023. Fundraising expenses were not material and are included in management and general for the years ended December 31, 2024 and 2023.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**  
**(IN THOUSANDS)**

**NOTE 12 LEASES**

Lifespace has operating lease agreements for office equipment. The right-of-use asset for these agreements is \$901 and \$907 at December 31, 2024 and 2023, respectively. Payment and the related expenses for these leases were \$367 and \$352 in 2024 and 2023, respectively. The leases have a weighted-average discount rate of 5.6% and 4.8% and a weighted-average remaining lease term of less than two and three years at December 31, 2024 and 2023.

Lifespace leased office space in Addison, Texas which expired in 2024. The office lease contained escalating lease payments that increased each year. The right-of-use asset for the lease is \$- and \$116 at December 31, 2024 and 2023, respectively. Payments for this lease were \$141 and expense recorded in the financial statements is \$135 for the year ended December 31, 2024. Payments for this lease were \$209 and expense recorded in the financial statements is \$202 for the year ended December 31, 2023. Expense is recorded at the estimated average annual rent, with the difference between expense recorded and cash paid increases or decreases the asset. The lease had a discount rate of 4.8%. This lease was not renewed at maturity.

In 2022, Lifespace entered into a lease arrangement for office space in Dallas, Texas which expires in 2033. The office lease contains escalating lease payments that increase each year. The right-of-use asset for the lease is \$2,307 and \$2,583 at December 31, 2024 and 2023, respectively. Payments of \$471 and \$422 were made during the years ended December 31, 2024 and 2023, respectively. There was expense recorded in the financial statements of \$482 and \$482 for the year ended December 31, 2024 and 2023. Expense is recorded at the estimated average annual rent, with the difference between expense recorded and cash paid increases or decreases the asset. The lease has a discount rate of 2.8%.

Lifespace has financing leases for the purchase of community vehicles. The net book value of the asset recorded within furniture and equipment on the balance sheet for these agreements is \$1,722 and \$2,462 at December 31, 2024 and 2023, respectively. The leases have a weighted-average discount rate of 7.1% and 7.6% and a weighted-average remaining lease term of less than three and four years at December 31, 2024 and 2023, respectively.

The maturity of operating leases and financing leases are as follows:

<u>Year Ending December 31,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2025	\$ 381	\$ 793
2026	381	752
2027	373	680
2028	209	523
2029	94	461
Thereafter	-	1,432
PV Discount	(184)	(96)
Total	<u>\$ 1,254</u>	<u>\$ 4,545</u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**  
**(IN THOUSANDS)**

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

**Health Care**

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medical Assistance fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

**General and Professional Liability**

General and professional liability claims have been asserted against Lifespace by certain claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. In the opinion of management, the outcome of these actions will not have a material effect on the financial position or the results of operations of Lifespace. Incidents occurring through December 31, 2024 may result in the assertion of additional claims. Other claims may be asserted arising from services provided to residents in the past. Management believes that these claims, if asserted, would be settled at amounts that can be paid through normal operations and would not have a material effect on the financial position or operations.

**Construction in Progress**

As of December 31, 2024, Lifespace had a number of capital projects ongoing. Lifespace has entered into various contracts in relation to these capital projects. The total commitments as of December 31, 2024 and 2023 were approximately \$15,864 and \$87,637, respectively.

**NOTE 14 EMPLOYEE BENEFIT PLAN**

Lifespace has a tax deferred annuity (TDA) employee benefit plan covering substantially all employees. Eligible employees are permitted to contribute up to 25% of their compensation to the TDA. Employee contributions relating to the first 6% of compensation receive a 50% match from Lifespace. All employee contributions to the TDA are fully vested, while contributions made by Lifespace vest over a five-year period. Total expense under this plan was approximately \$3,018 and \$2,688 for the years ended December 31, 2024 and 2023, respectively.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**  
**(IN THOUSANDS)**

**NOTE 15 SUBSEQUENT EVENTS**

Lifespace has evaluated events or transactions that may have occurred since December 31, 2024, that would merit recognition or disclosure in the consolidated financial statements. This evaluation was completed through April 18, 2025, the date the consolidated financial statements were available to be issued. No material recognized or nonrecognized subsequent events were identified for recognition or disclosure in the consolidated financial statements or the accompanying notes to the consolidated financial statements, except for those disclosed below.

Effective April 1, 2025, Abbey Delray was sold to an unrelated third party. Net proceeds from the sale totaled approximately \$45,500. Lifespace intends to use the proceeds of the sale to pay the costs of additions, renovations, remodeling, equipping and miscellaneous capital improvements at other communities owned and operated by Lifespace and its affiliates.

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2024**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>ASSETS</b>																
<b>CURRENT ASSETS</b>																
Cash and Cash Equivalents	\$ 661	\$ 579	\$ 546	\$ 460	\$ 373	\$ 594	\$ 445	\$ 10,368	\$ 1,077	\$ 263	\$ 813	\$ 630	\$ 12,868	\$ 29,677	\$ 18,660	\$ 48,337
Investments in Trading Portfolio, Excluding Those Whose Use is Limited	(35,344)	(7,943)	9,010	9,653	34,567	(2,958)	46,298	-	21,707	48,725	(6,658)	(28,228)	20,110	108,939	(12,981)	95,958
Accounts and Other Receivables	2,688	1,923	1,326	253	738	1,320	12,584	727	1,477	487	965	2,281	-	26,769	(7,358)	19,411
Allowance for Credit Losses	(662)	(176)	(101)	(1)	(55)	(221)	(69)	(74)	(139)	4	(400)	(334)	-	(2,228)	(581)	(2,809)
Receivable from Lifespace Communities, Inc.	144	119	131	504	191	148	167	144	301	130	107	124	(861)	1,349	(1,349)	-
Inventories	-	34	65	37	91	59	68	39	69	60	72	75	-	669	53	722
Prepaid Insurance and Other	-	699	420	181	487	1,045	957	277	330	436	865	391	-	6,088	2,777	8,865
Assets Whose Use is Limited - Current	467	2,215	4,011	1,116	12,806	4,947	19,724	25,762	6,130	4,025	14,696	6,703	-	102,602	9,119	111,721
Assets Held for Sale	67,054	-	-	-	-	-	-	-	-	-	-	-	-	67,054	-	67,054
Total Current Assets	35,008	(2,550)	15,408	12,203	49,198	4,934	80,174	37,243	30,952	54,130	10,460	(18,358)	32,117	340,919	8,340	349,259
<b>ASSETS WHOSE USE IS LIMITED</b>																
Noncurrent	10,107	8,633	2,562	492	7,043	6,465	11,767	-	10,142	7,002	14,152	13,482	-	91,847	26,368	118,215
<b>LONG-TERM RECEIVABLE</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	381	381
<b>PROPERTY AND EQUIPMENT, AT COST</b>																
Land and Improvements	-	2,580	6,310	2,613	5,685	8,078	12,584	4,587	11,818	8,405	7,648	4,995	-	75,303	18,801	94,104
Buildings and Improvements	-	99,259	97,802	51,785	215,036	130,732	149,090	71,740	200,427	68,964	97,666	126,443	-	1,308,944	181,995	1,490,939
Furniture and Equipment	-	9,801	8,677	7,199	15,725	17,208	9,889	3,035	18,762	2,784	5,966	9,262	-	108,308	27,361	135,669
Construction-in-Progress	-	3,122	3,050	1,918	3,506	5,491	2,705	545	4,127	3,103	44,079	7,686	-	79,332	3,301	82,633
Subtotal	-	114,762	115,839	63,515	239,952	161,509	174,268	79,907	235,134	83,256	155,359	148,386	-	1,571,887	231,458	1,803,345
Less: Accumulated Depreciation	-	63,089	74,794	36,063	95,499	79,802	99,227	11,549	43,338	11,602	61,111	58,837	-	634,911	20,778	655,689
Net Property and Equipment	-	51,673	41,045	27,452	144,453	81,707	75,041	68,358	191,796	71,654	94,248	89,549	-	936,976	210,680	1,147,656
<b>SWAP DERIVATIVE</b>	-	-	-	-	-	-	-	-	108	-	-	-	-	108	-	108
<b>GOODWILL, Net of Accumulated Amortization</b>	-	-	-	-	-	-	-	29,328	21,129	2,411	-	-	-	52,868	35,990	88,858
<b>DEFERRED EXPENSES, Net of Accumulated Amortization</b>	-	499	609	492	1,476	786	1,207	719	1,890	329	1,084	1,025	-	10,116	421	10,537
<b>INTANGIBLE ASSET, Net of Accumulated Amortization</b>	-	-	-	-	-	-	-	-	2,755	3,675	-	-	-	6,430	11,193	17,623
Total Assets	\$ 45,115	\$ 58,255	\$ 59,624	\$ 40,639	\$ 202,170	\$ 93,892	\$ 168,189	\$ 135,648	\$ 258,772	\$ 139,201	\$ 119,944	\$ 85,698	\$ 32,117	\$ 1,439,264	\$ 293,373	\$ 1,732,637

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2024**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>LIABILITIES AND NET ASSETS</b>																
<b>CURRENT LIABILITIES</b>																
Accounts Payable:																
Trade	\$ 1,068	\$ 1,373	\$ 1,493	\$ 586	\$ 3,501	\$ 1,699	\$ 1,902	\$ 731	\$ 2,024	\$ 1,043	\$ 4,266	\$ 1,351	\$ -	\$ 21,037	\$ 7,529	\$ 28,566
Lifespace Communities, Inc.	652	378	368	699	355	453	433	154	487	334	339	356	(141)	4,867	(4,867)	-
Accrued Liabilities:																
Employee Compensation Expense	1,179	935	1,006	441	1,382	927	1,465	855	1,925	943	935	1,003	-	12,996	11,864	24,860
Interest	340	144	226	90	696	454	352	604	959	286	396	544	-	5,091	4,353	9,444
Property Taxes	-	-	5	-	1,636	-	-	350	687	538	-	-	-	3,216	1,898	5,114
Other	896	41	188	-	33	524	-	32	329	54	90	19	-	2,206	11,008	13,214
Entrance Fee Refunds	-	-	148	297	1,891	925	75	-	-	-	-	1,108	-	4,444	2,409	6,853
Reserve for Health Center Refunds	-	-	3,107	2,068	10,882	2,698	1,757	-	5,839	-	-	1,284	-	27,635	-	27,635
Long-Term Debt Due within One Year	166	740	4,878	1,357	1,294	1,439	1,595	725	882	1,794	4,479	637	-	19,986	1,525	21,511
Settlement Payable Due within One Year	1,078	882	1,051	493	1,137	1,091	1,362	-	1,183	860	834	942	-	10,913	-	10,913
Obligations under Leases																
Due within One Year	-	70	37	31	52	71	62	21	72	77	32	61	-	586	462	1,048
Liabilities Held for Sale	6,917	-	-	-	-	-	-	-	-	-	-	-	-	6,917	-	6,917
Total Current Liabilities	12,296	4,563	12,507	6,062	22,859	10,281	9,003	3,472	14,387	5,929	11,371	7,305	(141)	119,894	36,181	156,075
<b>LONG-TERM LIABILITIES</b>																
Entrance Fee Deposits	-	-	-	45	484	10	(144)	1	119	72	1,508	(249)	-	1,846	293	2,139
Wait List Deposits	-	1	14	191	171	54	50	327	-	1,302	10	-	-	2,120	219	2,339
Long-Term Debt Due After One Year	54,783	24,908	30,083	13,834	121,539	74,091	41,403	81,759	213,718	44,247	77,685	92,670	-	870,720	173,529	1,044,249
Long-Term Note Payable Related Party	-	-	-	-	-	-	-	8,125	2,675	-	-	-	-	10,800	(10,800)	-
Obligations under Leases																
Due After One Year	-	180	72	112	137	140	163	62	230	219	43	125	-	1,483	3,268	4,751
Settlement Payable	4,068	3,324	3,967	1,863	4,290	4,131	5,140	-	4,468	3,243	3,149	3,551	-	41,194	-	41,194
Deferred Entrance Fees	2,737	22,779	14,412	3,858	28,408	19,144	34,838	5,395	18,818	8,162	32,463	21,885	-	212,899	19,878	232,777
Refundable Entrance and Membership Fees	-	-	47,492	46,235	129,987	49,700	101,848	48,722	94,096	125,832	4,000	37,415	-	685,327	84,810	770,137
Estimated Obligation to Provide Future Services in Excess of Amounts Received or to be Received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	718	718
Total Long-Term Liabilities	61,588	51,192	96,040	66,138	285,016	147,270	183,298	144,391	334,124	183,077	118,858	155,397	-	1,826,389	271,915	2,098,304
Total Liabilities	73,884	55,755	108,547	72,200	307,875	157,551	192,301	147,863	348,511	189,006	130,229	162,702	(141)	1,946,283	308,096	2,254,379
<b>NET ASSETS</b>																
Without Donor Restrictions	(28,769)	2,500	(48,923)	(31,561)	(105,705)	(63,659)	(24,112)	(12,215)	(89,739)	(49,805)	(10,285)	(77,004)	32,258	(507,019)	(23,662)	(530,681)
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,939	8,939
Total Net Assets	(28,769)	2,500	(48,923)	(31,561)	(105,705)	(63,659)	(24,112)	(12,215)	(89,739)	(49,805)	(10,285)	(77,004)	32,258	(507,019)	(14,723)	(521,742)
Total Liabilities and Net Assets	\$ 45,115	\$ 58,255	\$ 59,624	\$ 40,639	\$ 202,170	\$ 93,892	\$ 168,189	\$ 135,648	\$ 258,772	\$ 139,201	\$ 119,944	\$ 85,698	\$ 32,117	\$ 1,439,264	\$ 293,373	\$ 1,732,637

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2024**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
REVENUES																
Independent Living Fees	\$ -	\$ 10,920	\$ 19,008	\$ 9,203	\$ 23,765	\$ 16,184	\$ 25,591	\$ 12,235	\$ 19,399	\$ 16,571	\$ 12,457	\$ 15,387	\$ -	\$ 180,720	\$ 28,094	\$ 208,814
Entrance Fees Earned and Nonrefundable Fees	-	4,174	2,469	805	3,854	2,996	7,021	1,074	2,472	1,333	5,323	4,209	-	35,730	3,904	39,634
Skilled Nursing and Assisted Living Fees, Net of Contractual Allowances of \$40,346 and Pass-Through																
Skilled Nursing and Assisted Living Fees	-	12,273	12,098	5,963	14,510	17,640	14,137	11,813	27,149	11,560	6,792	13,366	-	147,301	33,152	180,453
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,288	1,288
Total Revenues	-	27,367	33,575	15,971	42,129	36,820	46,749	25,122	49,020	29,464	24,572	32,962	-	363,751	66,438	430,189
EXPENSES																
Operating Expenses:																
Salaries and Benefits	-	12,430	16,338	7,369	18,089	16,537	16,567	10,637	25,148	13,880	10,271	14,893	-	162,159	61,308	223,467
General and Administrative	-	7,730	7,285	2,912	8,662	8,149	10,215	4,389	9,416	5,097	7,409	7,430	-	78,694	(5,173)	73,521
Plant Operations	-	1,774	1,653	831	2,129	2,229	2,580	1,677	2,565	2,108	1,794	2,316	-	21,656	4,947	26,603
Housekeeping	-	109	109	68	282	143	113	113	292	152	86	140	-	1,607	215	1,822
Dietary	-	2,192	2,813	1,319	2,993	3,097	3,028	2,055	3,513	2,481	1,990	2,723	-	28,204	5,826	34,030
Medical and Other Resident Care	-	1,023	1,146	535	419	1,366	1,251	1,204	1,700	549	648	891	720	11,452	2,914	14,366
Depreciation	-	4,109	4,882	2,472	9,048	5,864	7,830	3,569	10,046	2,382	3,807	7,052	-	61,061	6,840	67,901
Amortization	-	82	118	75	150	96	269	5,772	5,473	5,252	158	159	-	17,604	11,562	29,166
Interest	-	908	1,777	667	5,108	2,943	984	3,580	9,695	2,336	1,645	3,695	-	33,338	11,672	45,010
(Gain) Loss on Disposal of Property and Equipment	-	(25)	49	20	66	211	216	(5)	61	36	60	42	-	731	1,172	1,903
Extinguishment of Debt	-	301	548	197	1,128	301	1,103	(9,068)	785	2,063	364	(10)	3,380	1,092	-	1,092
Gain on Forgiveness of Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,139)	(1,139)
Change in Obligation to Provide Future Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	718	718
Loss on Swap Derivative	-	-	-	-	-	-	-	1,748	304	-	-	-	-	2,052	-	2,052
Total Expenses	-	30,633	36,718	16,465	48,074	40,936	44,156	25,671	68,998	36,336	28,232	39,331	4,100	419,650	100,862	520,512
NONOPERATING INCOME (EXPENSE)																
Investment Income	-	1,179	1,172	225	1,874	1,144	1,759	-	1,137	3,111	1,278	1,306	3,983	18,168	4,330	22,498
Loss on Settlement	-	(135)	(190)	(73)	(177)	(172)	(167)	-	(176)	(126)	(134)	(130)	-	(1,480)	-	(1,480)
Total Nonoperating Income (Expense)	-	1,044	982	152	1,697	972	1,592	-	961	2,985	1,144	1,176	3,983	16,688	4,330	21,018
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND CONTINUING OPERATIONS	-	(2,222)	(2,161)	(342)	(4,248)	(3,144)	4,185	(549)	(19,017)	(3,887)	(2,516)	(5,193)	(117)	(39,211)	(30,094)	(69,305)
DISCONTINUED OPERATIONS																
Loss from Operations of Discontinued Operations	(7,713)	-	-	-	-	-	-	-	-	-	-	-	-	(7,713)	(9,094)	(16,807)
Gain on Sale of Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,698	102,698
Total Gain (Loss) on Discontinued Operations	(7,713)	-	-	-	-	-	-	-	-	-	-	-	-	(7,713)	93,604	85,891
OTHER CHANGES IN NET ASSETS																
Equity Transfer	(128)	(105)	(125)	(59)	(135)	(130)	(164)	-	(142)	(102)	(98)	(112)	-	(1,300)	1,300	-
Contributions (to) from Lifespace Communities, Inc.	(2,674)	(2,146)	(2,439)	(1,241)	(1,968)	(2,720)	(3,471)	(1,497)	(2,917)	(2,873)	(1,891)	(2,419)	(1,215)	(29,471)	29,471	-
CHANGES IN NET ASSETS (DEFICIT)	(10,515)	(4,473)	(4,725)	(1,642)	(6,351)	(5,994)	550	(2,046)	(22,076)	(6,862)	(4,505)	(7,724)	(1,332)	(77,695)	94,281	16,586
Net Assets - Beginning of Year	(18,254)	6,973	(44,198)	(29,919)	(99,354)	(57,665)	(24,662)	(10,169)	(67,663)	(42,943)	(5,780)	(69,280)	33,590	(429,324)	(109,004)	(538,328)
NET ASSETS - END OF YEAR	\$ (28,769)	\$ 2,500	\$ (48,923)	\$ (31,561)	\$ (105,705)	\$ (63,659)	\$ (24,112)	\$ (12,215)	\$ (89,739)	\$ (49,805)	\$ (10,285)	\$ (77,004)	\$ 32,258	\$ (507,019)	\$ (14,723)	\$ (521,742)

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2024**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>																
Change in Net Asset (Deficit)	\$ (10,515)	\$ (4,473)	\$ (4,725)	\$ (1,642)	\$ (6,351)	\$ (5,994)	\$ 550	\$ (2,046)	\$ (22,076)	\$ (6,862)	\$ (4,505)	\$ (7,724)	\$ (1,332)	\$ (77,695)	\$ 94,281	\$ 16,586
Loss from Discontinued Operations	7,713	-	-	-	-	-	-	-	-	-	-	-	-	7,713	9,094	16,807
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:																
Entrance Fees Earned	-	(4,174)	(2,469)	(805)	(3,854)	(2,996)	(7,021)	(1,074)	(2,472)	(1,333)	(5,323)	(4,209)	-	(35,730)	(3,904)	(39,634)
Proceeds from Nonrefundable																
Entrance Fees and Deposits	-	4,804	3,426	743	8,125	5,156	9,859	1,167	14,498	2,286	13,152	5,838	-	69,054	5,843	74,897
Refunds of Entrance Fees	-	(253)	(635)	(1)	(266)	-	(564)	-	(23)	(124)	(2,302)	(258)	-	(4,426)	(168)	(4,594)
Depreciation and Amortization	-	4,191	5,000	2,547	9,198	5,960	8,099	9,341	15,519	7,634	3,965	7,211	-	78,665	18,402	97,067
Amortization of Financing Costs	-	29	43	17	108	72	60	177	197	7	62	93	-	865	588	1,453
Net Accretion of Original Issue Premium and Discounts on Bonds	-	(97)	(98)	(44)	(376)	(211)	(71)	-	(387)	4	(137)	(288)	-	(1,705)	-	(1,705)
Change in Unrealized Appreciation of Investments	-	(365)	(578)	(21)	(572)	(89)	(619)	-	(149)	(1,339)	(515)	(384)	(1,952)	(6,583)	(1,043)	(7,626)
Net (Purchases) Sales of Trading Investments	18,112	9,550	12,496	3,141	(10,084)	12,681	(8,636)	-	(35,205)	(6,802)	2,770	11,660	(22,363)	(12,680)	(5,643)	(18,323)
Change in Obligation to Provide Future Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	718	718
(Gain) Loss on Disposal of Property and Equipment	-	(25)	49	20	66	211	216	(5)	61	36	60	42	-	731	1,172	1,903
Change in Entrance Fee Deposits	-	-	-	189	189	28	(367)	126	(6,441)	219	(1,053)	(255)	-	(7,365)	(628)	(7,993)
Gain on Sale of Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(102,698)	(102,698)
Contributions to Lifespace Communities, Inc.	2,674	2,146	2,439	1,241	1,968	2,720	3,471	1,497	2,917	2,873	1,891	2,419	1,215	29,471	(29,471)	-
Equity Transfer to Related Party	128	105	125	59	135	130	164	-	142	102	98	112	-	1,300	(1,300)	-
Loss on Settlement	-	61	72	34	78	75	94	-	81	59	57	65	-	676	-	676
(Gain) Loss on Extinguishment of Debt	-	301	548	197	1,128	301	1,103	472	785	2,063	364	(10)	(6,160)	1,092	-	1,092
Gain on Forgiveness of Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,139)	(1,139)
Change in Value of Swap Derivative	-	-	-	-	-	-	-	1,748	304	-	-	-	-	2,052	-	2,052
Changes in Operating Assets and Liabilities:																
Accounts and Other Receivables, Receivables from Lifespace Communities, Inc., Inventories, and Prepaid Insurance and Other	-	(344)	(408)	(234)	(1,243)	(642)	6,368	(579)	(1,530)	1,026	142	(1,328)	(137)	1,091	(32,471)	(31,380)
Accounts Payable and Accrued Liabilities	-	(435)	(1,036)	(195)	1,380	(2,071)	(1,726)	(142)	(12,694)	565	(420)	(61)	857	(15,978)	17,967	1,989
Net Cash Provided (Used) by Continued Operating Activities	18,112	11,021	14,249	5,246	(371)	15,331	10,980	10,682	(46,473)	414	8,306	12,923	(29,872)	30,548	(30,400)	148
Net Cash Provided (Used) by Discontinued Operating Activities	(8,453)	-	-	-	-	-	-	-	-	-	-	-	-	(8,453)	(24,775)	(33,228)
Net Cash Provided (Used) by Operating Activities	9,659	11,021	14,249	5,246	(371)	15,331	10,980	10,682	(46,473)	414	8,306	12,923	(29,872)	22,095	(55,175)	(33,080)



**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2024**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>																
Purchases of Property and Equipment	\$ -	\$ (7,462)	\$ (6,131)	\$ (3,754)	\$ (8,882)	\$ (10,031)	\$ (9,030)	\$ (1,637)	\$ (13,056)	\$ (4,066)	\$ (24,648)	\$ (9,632)	\$ -	\$ (98,329)	\$ (7,977)	\$ (106,306)
Net Cash Used by Continued Investing Activities	-	(7,462)	(6,131)	(3,754)	(8,882)	(10,031)	(9,030)	(1,637)	(13,056)	(4,066)	(24,648)	(9,632)	-	(98,329)	(7,977)	(106,306)
Net Cash Used by Discontinued Investing Activities	(4,663)	-	-	-	-	-	-	-	-	-	-	-	-	(4,663)	-	(4,663)
Net Cash Used by Investing Activities	(4,663)	(7,462)	(6,131)	(3,754)	(8,882)	(10,031)	(9,030)	(1,637)	(13,056)	(4,066)	(24,648)	(9,632)	-	(102,992)	(7,977)	(110,969)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>																
Financing Costs Incurred	-	-	-	(14)	(46)	(37)	-	(1,751)	(1,004)	(56)	-	-	-	(2,908)	(509)	(3,417)
Proceeds from New Financings	-	-	-	780	2,602	2,081	-	86,501	75,465	3,122	-	-	-	170,551	-	170,551
Repayment of Other Long-Term Debt	(197)	(580)	(941)	(383)	(624)	(801)	(876)	(2,200)	(2,877)	(1,747)	(1,291)	(2,128)	-	(14,645)	6,015	(8,630)
Payments on Leases	(45)	(64)	(35)	30	43	32	37	26	144	246	(38)	35	-	411	(591)	(180)
Extinguishment of Prior Debt	-	-	-	-	-	-	-	(66,859)	(52,730)	-	-	-	9,540	(110,049)	-	(110,049)
Cash Received on Settlement of Swap Derivative	-	-	-	-	-	-	-	559	-	-	-	-	-	559	-	559
Payments on Settlement	(1,134)	(927)	(1,104)	(518)	(1,195)	(1,147)	(1,432)	-	(1,243)	(904)	(876)	(990)	-	(11,470)	-	(11,470)
Proceeds from Refundable Entrance																
Fees and Deposits	-	-	2,702	4,683	19,717	5,120	15,314	7,380	48,393	20,393	4,017	5,119	-	132,838	14,555	147,393
Refunds of Refundable Entrance Fees	-	-	(5,271)	(3,584)	(11,141)	(6,543)	(12,248)	(5,181)	(5,332)	(13,416)	-	(6,094)	-	(68,810)	(10,617)	(79,427)
Equity Transfer to Related Party	(128)	(105)	(125)	(59)	(135)	(130)	(164)	-	(142)	(102)	(98)	(112)	-	(1,300)	1,300	-
Contributions to Lifespace Communities, Inc.	(2,674)	(2,146)	(2,439)	(1,241)	(1,968)	(2,720)	(3,471)	(1,497)	(2,917)	(2,873)	(1,891)	(2,419)	(1,215)	(29,471)	29,471	-
Net Cash Provided (Used) by Financing Activities	(4,178)	(3,822)	(7,213)	(306)	7,253	(4,145)	(2,840)	16,978	57,757	4,663	(177)	(6,589)	8,325	65,706	39,624	105,330
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	818	(263)	905	1,186	(2,000)	1,155	(890)	26,023	(1,772)	1,011	(16,519)	(3,298)	(21,547)	(15,191)	(23,528)	(38,719)
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	834	3,348	4,512	743	9,590	5,377	23,203	10,107	10,536	6,797	34,407	11,402	34,415	155,271	51,282	206,553
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 1,652</u>	<u>\$ 3,085</u>	<u>\$ 5,417</u>	<u>\$ 1,929</u>	<u>\$ 7,590</u>	<u>\$ 6,532</u>	<u>\$ 22,313</u>	<u>\$ 36,130</u>	<u>\$ 8,764</u>	<u>\$ 7,808</u>	<u>\$ 17,888</u>	<u>\$ 8,104</u>	<u>\$ 12,868</u>	<u>\$ 140,080</u>	<u>\$ 27,754</u>	<u>\$ 167,834</u>

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2023**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>ASSETS</b>																
<b>CURRENT ASSETS</b>																
Cash and Cash Equivalents	\$ 163	\$ 90	\$ 225	\$ 30	\$ -	\$ 357	\$ 443	\$ 9,590	\$ 996	\$ 141	\$ 274	\$ 272	\$ 34,415	\$ 46,996	\$ 13,535	\$ 60,531
Investments in Trading Portfolio, Excluding Those Whose Use is Limited	(18,997)	2,737	21,487	12,969	30,888	9,936	38,323	-	(13,099)	41,974	(1,283)	(15,147)	(825)	108,963	(23,015)	85,948
Accounts and Other Receivables	2,159	1,688	1,095	331	369	1,070	19,673	605	1,121	994	1,751	1,584	-	32,440	(21,310)	11,130
Allowance for Credit Losses	(129)	(180)	(17)	(9)	(6)	(173)	(77)	(8)	(17)	(19)	(315)	(114)	-	(1,064)	(329)	(1,393)
Receivable from Lifespace Communities, Inc.	391	200	139	489	136	141	211	114	185	797	114	147	(998)	2,066	(2,066)	-
Inventories	-	34	65	37	91	59	68	39	69	60	72	75	-	669	53	722
Prepaid Insurance and Other	-	692	336	180	363	956	911	187	141	449	830	346	-	5,391	2,181	7,572
Assets Whose Use is Limited - Current	277	2,983	3,502	380	9,587	4,288	20,454	517	3,110	788	31,014	10,436	-	87,336	11,064	98,400
Assets Held for Sale	68,397	-	-	-	-	-	-	-	-	-	-	-	-	68,397	123,695	192,092
Total Current Assets	52,261	8,244	26,832	14,407	41,428	16,634	80,006	11,044	(7,494)	45,184	32,457	(2,401)	32,592	351,194	103,808	455,002
<b>ASSETS WHOSE USE IS LIMITED</b>																
Noncurrent	10,977	7,423	2,476	473	6,786	6,205	11,752	-	14,911	10,023	12,136	11,590	-	94,752	26,373	121,125
<b>PROPERTY AND EQUIPMENT, AT COST</b>																
Land and Improvements	-	2,363	6,076	2,466	5,407	7,681	12,388	4,498	9,757	8,382	7,474	4,843	-	71,335	19,737	91,072
Buildings and Improvements	-	81,551	89,204	44,807	208,942	119,634	136,829	70,375	89,194	65,351	88,194	122,851	-	1,116,932	178,195	1,295,127
Furniture and Equipment	-	9,088	8,109	6,807	13,935	16,345	8,939	2,571	7,338	1,957	5,004	8,555	-	88,648	21,885	110,533
Construction-in-Progress	-	14,273	6,538	5,711	3,108	8,164	7,383	821	115,867	3,536	30,099	2,547	-	198,047	8,028	206,075
Subtotal	-	107,275	109,927	59,791	231,392	151,824	165,539	78,265	222,156	79,226	130,771	138,796	-	1,474,962	227,845	1,702,807
Less: Accumulated Depreciation	-	58,980	70,082	33,601	86,707	74,073	91,482	7,980	33,309	9,220	57,304	51,785	-	574,523	17,208	591,731
Net Property and Equipment	-	48,295	39,845	26,190	144,685	77,751	74,057	70,285	188,847	70,006	73,467	87,011	-	900,439	210,637	1,111,076
<b>SWAP DERIVATIVE</b>																
	-	-	-	-	-	-	-	2,307	412	-	-	-	-	2,719	-	2,719
<b>GOODWILL, Net of Accumulated Amortization</b>																
	-	-	-	-	-	-	-	34,625	26,412	3,223	-	-	-	64,260	41,910	106,170
<b>DEFERRED EXPENSES, Net of Accumulated Amortization</b>																
	-	403	542	280	882	538	766	401	568	232	465	602	-	5,679	88	5,767
<b>INTANGIBLE ASSET, Net of Accumulated Amortization</b>																
	-	-	-	-	-	-	-	-	2,755	5,145	-	-	-	7,900	12,892	20,792
Total Assets	<u>\$ 63,238</u>	<u>\$ 64,365</u>	<u>\$ 69,695</u>	<u>\$ 41,350</u>	<u>\$ 193,781</u>	<u>\$ 101,128</u>	<u>\$ 166,581</u>	<u>\$ 118,662</u>	<u>\$ 226,411</u>	<u>\$ 133,813</u>	<u>\$ 118,525</u>	<u>\$ 96,802</u>	<u>\$ 32,592</u>	<u>\$ 1,426,943</u>	<u>\$ 395,708</u>	<u>\$ 1,822,651</u>

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2023**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>LIABILITIES AND NET ASSETS</b>																
<b>CURRENT LIABILITIES</b>																
Accounts Payable:																
Trade	\$ 1,836	\$ 1,478	\$ 1,650	\$ 562	\$ 2,735	\$ 3,185	\$ 2,892	\$ 1,044	\$ 15,305	\$ 984	\$ 4,199	\$ 1,545	\$ -	\$ 37,415	\$ 7,685	\$ 45,100
Lifespace Communities, Inc.	1,057	507	453	686	406	1,114	888	155	431	239	541	355	(998)	5,834	(5,834)	-
Accrued Liabilities:																
Employee Compensation Expense	1,086	1,008	1,205	492	1,072	1,113	1,378	604	1,586	744	819	891	-	11,998	6,535	18,533
Interest	308	120	149	56	644	389	172	587	1,021	265	378	492	-	4,581	6,036	10,617
Property Taxes	-	6	227	183	1,192	-	-	347	538	351	-	-	-	2,844	740	3,584
Other	424	187	638	32	174	327	548	131	224	50	509	51	-	3,295	1,899	5,194
Entrance Fee Refunds	-	-	803	835	-	63	462	405	1,155	2,333	213	-	-	6,269	3,557	9,826
Reserve for Health Center Refunds	-	-	4,219	1,044	11,140	2,247	3,571	-	8,284	-	-	1,017	-	31,522	121	31,643
Long-Term Debt Due within One Year	200	582	4,941	1,377	612	1,496	1,458	1,931	362	1,733	4,440	2,125	-	21,257	1,822	23,079
Settlement Payable Due within One Year	1,133	926	1,105	518	1,195	1,149	1,431	-	1,244	903	877	989	-	11,470	-	11,470
Obligations under Leases																
Due within One Year	-	65	35	28	36	55	56	12	43	16	37	42	-	425	648	1,073
Liabilities Held for Sale	8,990	-	-	-	-	-	-	-	-	-	-	-	-	8,990	219,714	228,704
Total Current Liabilities	15,034	4,879	15,425	5,813	19,206	11,138	12,856	5,216	30,193	7,618	12,013	7,507	(998)	145,900	242,923	388,823
<b>LONG-TERM LIABILITIES</b>																
Entrance Fee Deposits	-	-	-	-	370	-	163	32	6,560	55	2,563	3	-	9,746	1,058	10,804
Wait List Deposits	-	1	14	47	96	36	110	170	-	1,100	8	3	-	1,585	124	1,709
Long-Term Debt Due After One Year	55,035	25,714	31,016	13,458	120,557	72,930	42,427	8,923	197,908	42,978	79,090	93,505	-	783,541	169,372	952,913
Long-Term Note Payable	-	-	-	-	-	-	-	57,285	-	-	-	-	-	57,285	10	57,295
Long-Term Note Payable Related Party	-	-	-	-	-	-	-	6,130	-	-	-	-	-	6,130	(6,130)	-
Obligations under Leases																
Due After One Year	-	249	109	85	110	124	132	45	115	34	76	109	-	1,188	3,595	4,783
Settlement Payable	5,072	4,146	4,945	2,322	5,349	5,145	6,409	-	5,569	4,045	3,925	4,429	-	51,356	-	51,356
Deferred Entrance Fees	6,351	22,403	13,918	3,921	24,397	17,114	33,156	5,286	6,088	7,338	26,630	20,771	-	187,373	18,204	205,577
Refundable Entrance and Membership Fees	-	-	48,466	45,623	123,050	52,306	95,990	45,744	47,641	113,588	-	39,755	-	612,163	75,556	687,719
Total Long-Term Liabilities	66,458	52,513	98,468	65,456	273,929	147,655	178,387	123,615	263,881	169,138	112,292	158,575	-	1,710,367	261,789	1,972,156
Total Liabilities	81,492	57,392	113,893	71,269	293,135	158,793	191,243	128,831	294,074	176,756	124,305	166,082	(998)	1,856,267	504,712	2,360,979
<b>NET ASSETS</b>																
Without Donor Restrictions	(18,254)	6,973	(44,198)	(29,919)	(99,354)	(57,665)	(24,662)	(10,169)	(67,663)	(42,943)	(5,780)	(69,280)	33,590	(429,324)	(117,208)	(546,532)
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,204	8,204
Total Net Assets	(18,254)	6,973	(44,198)	(29,919)	(99,354)	(57,665)	(24,662)	(10,169)	(67,663)	(42,943)	(5,780)	(69,280)	33,590	(429,324)	(109,004)	(538,328)
Total Liabilities and Net Assets	\$ 63,238	\$ 64,365	\$ 69,695	\$ 41,350	\$ 193,781	\$ 101,128	\$ 166,581	\$ 118,662	\$ 226,411	\$ 133,813	\$ 118,525	\$ 96,802	\$ 32,592	\$ 1,426,943	\$ 395,708	\$ 1,822,651

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>REVENUES</b>																
Independent Living Fees	\$ -	\$ 10,502	\$ 17,761	\$ 8,874	\$ 19,451	\$ 15,071	\$ 23,237	\$ 10,477	\$ 10,467	\$ 14,701	\$ 10,445	\$ 13,345	\$ -	\$ 154,331	\$ 22,903	\$ 177,234
Entrance Fees Earned and Nonrefundable Fees	-	4,574	2,283	728	3,833	2,483	5,837	1,169	1,002	1,199	4,765	3,990	-	31,863	3,682	35,545
Skilled Nursing and Assisted Living Fees, Net of Contractual Allowances of \$40,346 and Pass-Through	-	11,228	9,852	5,573	12,619	15,742	13,470	11,197	24,280	10,688	7,954	12,311	-	134,914	30,065	164,979
Skilled Nursing and Assisted Living Fees	-	-	-	35	-	48	-	-	-	-	-	-	-	83	490	573
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	26,304	29,896	15,210	35,903	33,344	42,544	22,843	35,749	26,588	23,164	29,646	-	321,191	57,140	378,331
<b>EXPENSES</b>																
Operating Expenses:																
Salaries and Benefits	-	12,373	15,952	6,985	16,422	15,126	15,909	9,055	20,048	12,727	10,760	13,980	-	149,337	51,047	200,384
General and Administrative	-	7,203	6,805	2,591	7,346	6,228	9,890	3,786	7,443	4,308	7,293	6,812	-	69,705	(4,189)	65,516
Plant Operations	-	1,949	1,545	691	2,203	1,879	2,403	1,397	1,673	1,872	1,656	1,624	-	18,892	4,861	23,753
Housekeeping	-	100	107	69	236	160	142	129	181	142	72	112	-	1,450	227	1,677
Dietary	-	2,253	3,039	1,441	2,929	2,851	3,061	2,065	2,973	2,528	2,095	2,553	-	27,788	5,353	33,141
Medical and Other Resident Care	-	1,304	923	450	208	1,538	927	1,367	1,329	370	894	1,007	-	10,317	2,631	12,948
Depreciation	-	3,544	4,472	1,958	8,458	5,601	7,241	3,173	5,436	2,297	3,888	6,450	-	52,518	10,004	62,522
Amortization	-	63	67	37	96	72	84	6,016	5,366	6,035	68	91	-	17,995	12,609	30,604
Interest	-	401	1,054	212	4,459	2,669	823	2,838	3,701	2,278	1,291	2,790	-	22,516	13,513	36,029
(Gain) Loss on Disposal of Property and Equipment	-	(120)	(55)	(26)	3	(46)	(57)	(4)	(27)	(3)	(4)	6	-	(333)	8	(325)
Extinguishment of Debt	-	166	199	93	215	207	258	-	224	163	155	178	-	1,858	-	1,858
(Gain) Loss on Swap Derivative	-	-	-	-	-	-	-	1,958	(412)	-	-	-	-	1,546	-	1,546
Total Expenses	-	29,236	34,108	14,501	42,575	36,285	40,681	31,780	47,935	32,717	28,168	35,603	-	373,589	96,064	469,653
<b>NONOPERATING INCOME (EXPENSE)</b>																
Investment Income	-	1,349	1,469	360	2,532	1,450	3,226	-	1,332	4,020	1,385	1,423	4,295	22,841	3,452	26,293
Loss on Settlement	-	(10,330)	(12,417)	(5,727)	(13,711)	(12,778)	(16,622)	-	(13,312)	(11,409)	(9,732)	(10,991)	(2,160)	(119,189)	-	(119,189)
Total Nonoperating Income (Expense)	-	(8,981)	(10,948)	(5,367)	(11,179)	(11,328)	(13,396)	-	(11,980)	(7,389)	(8,347)	(9,568)	2,135	(96,348)	3,452	(92,896)
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND CONTINUING OPERATIONS</b>	-	(11,913)	(15,160)	(4,658)	(17,851)	(14,269)	(11,533)	(8,937)	(24,166)	(13,518)	(13,351)	(15,525)	2,135	(148,746)	(35,472)	(184,218)
<b>DISCONTINUED OPERATIONS</b>																
Gain (Loss) from Operations of Discontinued Operations	(18,345)	-	-	-	-	-	-	-	-	-	-	-	-	(18,345)	(34,936)	(53,281)
Gain on Sale of Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134,536	134,536
Total Gain (Loss) on Discontinued Operations	(18,345)	-	-	-	-	-	-	-	-	-	-	-	-	(18,345)	99,600	81,255
<b>OTHER CHANGES IN NET ASSETS</b>																
Equity Transfer	947	774	923	434	999	960	1,197	-	1,040	755	733	827	-	9,589	(9,589)	-
Contributions (to) from Lifespace Communities, Inc.	(1,080)	(185)	(239)	(102)	(10,099)	(238)	(2,646)	(673)	(281)	(221)	(171)	(3,112)	9,781	(9,266)	9,266	-
<b>CHANGES IN NET ASSETS (DEFICIT)</b>	(18,478)	(11,324)	(14,476)	(4,326)	(26,951)	(13,547)	(12,982)	(9,610)	(23,407)	(12,984)	(12,789)	(17,810)	11,916	(166,768)	63,805	(102,963)
Net Assets - Beginning of Year	224	18,297	(29,722)	(25,593)	(72,403)	(44,118)	(11,680)	(559)	(44,256)	(29,959)	7,009	(51,470)	21,674	(262,556)	(172,809)	(435,365)
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (18,254)</u>	<u>\$ 6,973</u>	<u>\$ (44,198)</u>	<u>\$ (29,919)</u>	<u>\$ (99,354)</u>	<u>\$ (57,665)</u>	<u>\$ (24,662)</u>	<u>\$ (10,169)</u>	<u>\$ (67,663)</u>	<u>\$ (42,943)</u>	<u>\$ (5,780)</u>	<u>\$ (69,280)</u>	<u>\$ 33,590</u>	<u>\$ (429,324)</u>	<u>\$ (109,004)</u>	<u>\$ (538,328)</u>

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>																
Changes in Net Deficit	\$ (18,478)	\$ (11,324)	\$ (14,476)	\$ (4,326)	\$ (26,951)	\$ (13,547)	\$ (12,982)	\$ (9,610)	\$ (23,407)	\$ (12,984)	\$ (12,789)	\$ (17,810)	\$ 11,916	\$ (166,768)	\$ 63,805	\$ (102,963)
Loss from Discontinued Operations	18,345	-	-	-	-	-	-	-	-	-	-	-	-	18,345	34,936	53,281
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:																
Entrance Fees Earned	-	(4,574)	(2,283)	(728)	(3,833)	(2,483)	(5,837)	(1,169)	(1,002)	(1,199)	(4,765)	(3,990)	-	(31,863)	(3,682)	(35,545)
Interest Applied to Long-Term Debt	-	-	-	-	-	-	-	804	-	-	-	-	-	804	-	804
Proceeds from Nonrefundable Entrance Fees and Deposits	-	4,968	2,423	1,180	6,419	3,791	10,512	1,135	2,323	1,558	6,623	8,426	-	49,358	4,375	53,733
Refunds of Entrance Fees	-	(635)	(219)	-	-	-	(889)	(131)	-	(12)	(188)	-	-	(2,074)	(36)	(2,110)
Depreciation and Amortization	-	3,607	4,539	1,995	8,554	5,673	7,325	9,189	10,802	8,332	3,956	6,541	-	70,513	22,613	93,126
Amortization of Financing Costs	-	31	33	12	105	65	50	126	189	7	64	94	-	776	566	1,342
Net Accretion of Original Issue Premium and Discounts on Bonds	-	(104)	(112)	(49)	(383)	(221)	(95)	-	(396)	-	(149)	(299)	-	(1,808)	-	(1,808)
Change in Unrealized Appreciation of Investments	-	(287)	(992)	(377)	(1,964)	(875)	(1,715)	-	(695)	(2,290)	(253)	(868)	(2,939)	(13,255)	(533)	(13,788)
Net (Purchases) Sales of Trading Investments	8,334	5,295	(2,438)	(3,310)	9,427	5,161	12,204	-	19,263	(5,668)	3,588	4,833	(7,152)	49,537	7,821	57,358
Change in Obligation to Provide Future Services (Gain) Loss on Disposal of Property and Equipment	-	(120)	(55)	(26)	3	(46)	(57)	(4)	(27)	(3)	(4)	6	-	(333)	8	(325)
Change in Entrance Fee Deposits	-	-	(55)	(49)	(170)	(102)	227	(75)	547	104	2,421	(132)	-	2,716	119	2,835
Gain on Sale of Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(134,536)	(134,536)
Contributions to Lifespace Communities, Inc.	1,080	185	239	102	10,099	238	2,646	673	281	221	171	3,112	(9,781)	9,266	(9,266)	-
Equity Transfer to Related Party	(947)	(774)	(923)	(434)	(999)	(960)	(1,197)	-	(1,040)	(755)	(733)	(827)	-	(9,589)	9,589	-
Loss on Settlement	-	10,330	12,417	5,727	13,711	12,778	16,622	-	13,312	11,409	9,732	10,991	2,160	119,189	-	119,189
Loss on Extinguishment of Debt	-	166	199	93	215	207	258	-	224	163	155	178	-	1,858	-	1,858
Change in Value of Swap Derivative	-	-	-	-	-	-	-	1,958	(412)	-	-	-	-	1,546	-	1,546
Changes in Operating Assets and Liabilities:																
Accounts and Other Receivables, Receivables from Lifespace Communities, Inc., Inventories, and Prepaid Insurance and Other	-	(1,000)	(812)	515	(549)	(364)	(16,203)	(515)	(844)	(189)	(613)	(438)	(429)	(21,441)	19,319	(2,122)
Accounts Payable and Accrued Liabilities	-	(658)	(158)	(757)	(1,641)	2,315	1,325	467	3,537	(146)	2,319	(1,020)	429	6,012	5,203	11,215
Net Cash Provided (Used) by Continued Operating Activities	8,334	5,106	(2,673)	(432)	12,043	11,630	12,194	2,848	22,655	(1,452)	9,535	8,797	(5,796)	82,789	20,301	103,090
Net Cash Provided (Used) by Discontinued Operating Activities	(5,475)	-	-	-	-	-	-	-	-	-	-	-	-	(5,475)	(27,252)	(32,727)
Net Cash Provided (Used) by Operating Activities	2,859	5,106	(2,673)	(432)	12,043	11,630	12,194	2,848	22,655	(1,452)	9,535	8,797	(5,796)	77,314	(6,951)	70,363

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**  
**(IN THOUSANDS)**

	Abbey Delray	Abbey Delray South	Beacon Hill	Claridge Court	Friendship Village of Bloomington	Friendship Village of South Hills	Harbour's Edge	Newcastle Place	Oak Trace	Querencia	The Waterford	Village on the Green	Eliminations and Other Obligated Group Members	Total Obligated Group	Nonobligated Group Members and Eliminations	Consolidated Lifespace, Inc.
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>																
Purchases of Property and Equipment	\$ -	\$ (8,492)	\$ (5,239)	\$ (2,771)	\$ (12,071)	\$ (10,534)	\$ (10,279)	\$ (2,272)	\$ (64,771)	\$ (534)	\$ (20,458)	\$ (10,118)	\$ -	\$ (147,539)	\$ (9,914)	\$ (157,453)
Net Cash Used by Continued Investing Activities	-	(8,492)	(5,239)	(2,771)	(12,071)	(10,534)	(10,279)	(2,272)	(64,771)	(534)	(20,458)	(10,118)	-	(147,539)	(9,914)	(157,453)
Net Cash Used by Discontinued Investing Activities	(7,145)	-	-	-	-	-	-	-	-	-	-	-	-	(7,145)	(1,174)	(8,319)
Net Cash Used by Investing Activities	(7,145)	(8,492)	(5,239)	(2,771)	(12,071)	(10,534)	(10,279)	(2,272)	(64,771)	(534)	(20,458)	(10,118)	-	(154,684)	(11,088)	(165,772)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>																
Financing Costs Incurred	(341)	(278)	(518)	(232)	(421)	(471)	(903)	-	(466)	(272)	(261)	(454)	-	(4,617)	(411)	(5,028)
Proceeds from New Financings	10,833	8,858	18,843	8,323	14,174	16,548	35,844	-	51,124	8,638	8,380	16,255	-	197,820	10,000	207,820
Advances from Line of Credit	-	-	4,000	1,000	-	564	357	-	-	-	149	-	-	6,070	-	6,070
Repayment of Other Long-Term Debt	(36)	(395)	(539)	(198)	(332)	(458)	(618)	(785)	(65)	(1,530)	(1,115)	(1,834)	-	(7,905)	(875)	(8,780)
Payments on Leases	(37)	(107)	(7)	(84)	(6)	(72)	(138)	(12)	(59)	(13)	31	(4)	-	(508)	(9)	(517)
Extinguishment of Prior Debt	(5,186)	(4,240)	(5,056)	(2,373)	(5,469)	(5,256)	(6,552)	-	(5,693)	(4,135)	(4,012)	(4,528)	-	(52,500)	-	(52,500)
Payments on Settlement	(6,384)	(5,258)	(6,367)	(2,887)	(7,167)	(6,484)	(8,782)	-	(6,499)	(6,461)	(4,930)	(5,573)	-	(66,792)	-	(66,792)
Advances from Lifespace Communities, Inc.	-	-	-	-	-	-	-	1,348	-	-	-	-	-	1,348	(1,348)	-
Proceeds from Refundable Entrance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fees and Deposits	-	-	4,329	5,750	17,297	5,312	14,498	9,325	6,783	13,754	-	4,138	-	81,186	13,811	94,997
Refunds of Refundable Entrance Fees	-	-	(3,701)	(6,154)	(7,067)	(7,261)	(15,793)	(8,328)	(6,450)	(8,161)	-	(4,715)	-	(67,630)	(11,064)	(78,694)
Equity Transfer to Related Party	947	774	923	434	999	960	1,197	-	1,040	755	733	827	-	9,589	(9,589)	-
Contributions to Lifespace Communities, Inc.	(1,080)	(185)	(239)	(102)	(10,099)	(238)	(2,646)	(673)	(281)	(221)	(171)	(3,112)	9,781	(9,266)	9,266	-
Net Cash Provided (Used) by Continued Financing Activities	(1,284)	(831)	11,668	3,477	1,909	3,144	16,464	875	39,434	2,354	(1,196)	1,000	9,781	86,795	9,781	96,576
Net Cash Provided (Used) by Discontinued Financing Activities	303	-	-	-	-	-	-	-	-	-	-	-	-	303	-	303
Net Cash Provided (Used) by Financing Activities	(981)	(831)	11,668	3,477	1,909	3,144	16,464	875	39,434	2,354	(1,196)	1,000	9,781	87,098	9,781	96,879
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(5,267)	(4,217)	3,756	274	1,881	4,240	18,379	1,451	(2,682)	368	(12,119)	(321)	3,985	9,728	(8,258)	1,470
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	6,101	7,565	756	469	7,709	1,137	4,824	8,656	13,218	6,429	46,526	11,723	30,430	145,543	59,540	205,083
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 834</u>	<u>\$ 3,348</u>	<u>\$ 4,512</u>	<u>\$ 743</u>	<u>\$ 9,590</u>	<u>\$ 5,377</u>	<u>\$ 23,203</u>	<u>\$ 10,107</u>	<u>\$ 10,536</u>	<u>\$ 6,797</u>	<u>\$ 34,407</u>	<u>\$ 11,402</u>	<u>\$ 34,415</u>	<u>\$ 155,271</u>	<u>\$ 51,282</u>	<u>\$ 206,553</u>

