

QUARTERLY REPORT
for the three months ended March 31, 2025

CMW Obligated Group

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

A Lifestance Community

April 30, 2025

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

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

This certificate is being delivered with respect to the following (each, “Testing Period”): Fiscal Quarter ended March 31, 2025.

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

(a) Liquidity Requirement

Unrestricted Cash and Marketable Securities	107,805
Support Amount (A)	7,412
Other Guarantee Requirement (B)	-
Liquidity Requirement (A+B)	7,412

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

(b) Additional Information. Additional information about the Support Provider is available on EMMA under the CUSIP numbers associated with the Series 2022 Bonds.
 Other Liquidity Support Agreements total \$5,000,000

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



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

(a) Debt Service Coverage Ratio

Net Revenues Availabe for Debt Service (A) *	5,661
Maximum Annual Debt Service (B)	6,520
Debt Service Coverage Ratio (A/B)	0.87
Covenant Requirement	N/A
* Calculated on a rolling twelve months	

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

Note: The covenant commences on the testing date of June 30, 2025

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

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

In order to meet the Debt Service Coverage Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period?
Yes No ☒

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

(b) Days Cash on Hand Requirement

Unrestricted Cash and Marketable Securities (A)	8,158
Operating Expenses *	46,275
Less:	
Depreciation (Op. expenses do not include Depr.)	-
Amortization (Op. expenses do not include Amort.)	-
Total Operating Expenses (B)	46,275
Days Cash on Hand Ratio (A to B/365 or 366)	64
Covenant Requirement	60
Amount drawn on working capital to meet DCOH	N/A
* Calculated on a rolling twelve months	



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

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

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

In order to meet the Days Cash on Hand Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period? Yes No ☒

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

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

	IL	HC	ALU	MS	All levels of living
The Craig	95.4%	80.0%	90.0%	N/A	
Meadow Lake	100.0%	80.0%	95.0%	67.6%	
Wesley Court	83.2%	93.3%	100.0%	N/A	
CMW Obligated Group	92.7%	82.6%	93.7%	67.6%	89.4%
Covenant Requirement					80.0%

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

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

If yes, attach agreement.

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

If yes, please attach.

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

Interest Paid: \$ -

Principal Paid: \$ -


The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the three months ended March 31, 2025, subject to the year-end audit adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.



There are no board meetings or consents in lieu thereof the quarter ended March 31, 2025.

In witness whereof, I have hereunto set my hand, this 30th day of April, 2025.


LIFESPACE COMMUNITES, INC.

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Senior Vice President & CFO

MEADOW LAKE, LLC

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Treasurer



CMW Obligated Group

Apartments/Units Available

	Independent Living Apartments	Independent Living Cottages	Assisted Living	Memory Support	Skilled Nursing	Total
The Craig	108	65	40	-	95	308
Meadow Lake	80	44	20	34	30	208
Wesley Court	81	62	19	-	30	192
Total CMW Obligated Group	269	171	79	34	155	708

Average Occupancy

	Period of July 19, 2022 through December 31, 2022				For the Year Ended December 31, 2023				For the Year Ended December 31, 2024			
	Independent Living	Health Center	Assisted Living	Memory Support	Independent Living	Health Center	Assisted Living	Memory Support	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.3%	88.6%	94.6%	N/A	90.9%	75.5%	97.2%	N/A	93.5%	75.2%	95.1%	N/A
Meadow Lake	99.6%	88.3%	95.1%	59.0%	98.4%	80.1%	82.9%	64.9%	98.2%	84.5%	74.9%	60.7%
Wesley Court	94.2%	87.8%	94.5%	N/A	93.1%	89.0%	95.8%	N/A	87.3%	96.3%	93.9%	N/A
Total CMW Obligated Group	95.4%	88.4%	94.7%	59.0%	93.7%	79.0%	93.2%	64.9%	92.8%	81.1%	89.7%	60.7%

	Three Months Ended March 31, 2025			
	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.0%	82.5%	96.3%	N/A
Meadow Lake	99.8%	90.5%	92.1%	71.0%
Wesley Court	83.7%	96.6%	98.6%	N/A
Total CMW Obligated Group	91.9%	86.8%	95.8%	71.0%

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

	2025
Assets	
Current Assets:	
Cash and Cash Equivalents	\$5,819
Accounts Receivable	2,087
Inventories	43
Prepaid Insurance & Other	288
Assets whose use is limited	6,623
Total Current Assets	<u>14,860</u>
Assets whose use is limited	4,841
Property and equipment, at cost:	
Land and improvements	9,090
Buildings and improvements	97,590
Furniture and equipment	5,692
	<u>112,372</u>
Less accum. deprec.	(9,119)
Net property and equipment	<u>103,253</u>
Net goodwill	24,574
Net deferred assets	275
Net intangible assets	10,767
TOTAL ASSETS	<u><u>\$158,570</u></u>

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

2025

Liabilities and net assets

Current liabilities:

Accounts payable:

Trade	\$835
Intercompany	7,711
Deferred Management Fee	2,183
	<u>10,729</u>

Accrued liabilities:

Employee compensation expense	1,573
Interest	2,573
Property taxes	701
Other	44
	<u>4,891</u>

Entrance fee refunds	737
Long-term debt due within one year	920
Obligation under lease due within one yr	5
Total current liabilities	<u>17,282</u>

Entrance fee deposits	-
Wait list deposits	153
Long-term debt due after one year	115,239
Obligation under lease due after one year	18
Deferred entrance fees	4,607
Refundable entrance and membership fees	50,441
Total liabilities	<u>187,740</u>

Net assets without donor restrictions	<u>(29,170)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$158,570</u></u>

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

	Actual 2025	Budget 2025
Revenues		
Independent Living Fees	\$4,988	4,990
Entrance fees earned/cancellation penalties	194	213
Skilled nursing, assisted living and memory support fees	5,798	5,487
Investment Income	124	153
	<hr/> 11,104	<hr/> 10,843
Expenses		
Operating expenses:		
Salaries and benefits	5,399	5,674
General and administrative	2,258	2,179
Plant operations	966	990
Housekeeping	40	41
Dietary	564	637
Medical and other resident care	356	252
Interest	1,872	1,378
	<hr/> 11,455	<hr/> 11,151
Deficit of revenues over expenses	<hr/> (351)	<hr/> (308)
Other Changes in Net Assets		
Depreciation	(927)	(937)
Amortization	(1,621)	(1,995)
	<hr/>	<hr/>
Changes in net assets	(2,899)	(3,240)
Net assets at beginning of year	(26,271)	(26,271)
Net assets at end of the period	<hr/> <u>(\$29,170)</u>	<hr/> <u>(\$29,511)</u>

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

2025

Operating activities

Changes in unrestricted net assets	(\$2,899)
Adjustments to reconcile changes in net asset to net cash used in operating activities:	
Entrance fees earned	(194)
Proceeds from nonrefundable entrance fees and deposits	384
Depreciation and Amortization	2,548
Amortization of Financing Costs	135
Change in unrealized appreciation of investments	145
Net sales of trading investments	1,068
Change in wait lists and deposits	(77)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	344
Accounts payables and accrued liabilities	(2,047)
Net cash used in operating activities	<u>(593)</u>

Investing activities

Purchases of property and equipment	(196)
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Financing activities

Proceeds from refundable entrance fees and deposits	2,432
Refunds of entrance fees	(1,352)
Net cash provided in financing activities	<u>1,080</u>
Net increase in cash and cash equivalents	291
Cash and cash equivalents at beginning of year	<u>5,528</u>
Cash and cash equivalents at end of period	<u><u>\$5,819</u></u>

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

	Three Months Ended March 31 (Unaudited)		Year Ended December 31 (Audited)		Period of July 19 through December 31 (Audited)
	2025	2024	2024	2023	2022
Historical Debt Service Coverage					
Excess (deficit) of revenues over expenses	(351)	(790)	(3,976)	(2,663)	(717)
Less:					
Entrance fees earned	(194)	(197)	(920)	(833)	(460)
Initial Entrance Fees	(531)	(1,817)	(3,150)	(863)	-
Add:					
Interest Expense	1,872	1,884	7,414	7,490	3,426
Unrealized (gain) loss on securities	145	(31)	(143)	(12)	(16)
Management Fee	-	546	2,183	-	-
Entrance fee proceeds (less refunds)	1,464	3,765	5,208	3,549	1,775
Income available for debt service	2,405	3,360	6,616	6,668	4,008
Maximum Annual debt service payment	6,520	6,524	6,524	7,878	7,878
Maximum Annual debt service coverage (a)(b)(c)(h)	0.87	0.82	1.01	0.85	1.13
Maximum Annual debt service coverage covenant (d)	N/A	N/A	N/A	N/A	N/A
Days Cash on Hand					
Unrestricted cash and investments	5,819	5,234	5,528	3,912	332
Working Capital	2,339	2,225	2,318	2,209	2,120
Funded Interest	-	220	-	1,544	3,930
Unrestricted Cash and Marketable Securities	8,158	7,679	7,846	7,665	6,382
Department operating expenses plus interest	11,455	10,800	45,620	41,127	17,845
Daily expenses (h)	127	114	125	113	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	64	67	63	68	59
Days of unrestricted cash & investments on hand covenant (e)	60	60	60	60	60
Occupancy					
Occupancy as of period end (g)	89.4%	87.9%	92.2%	89.2%	91.1%
Occupancy covenant	80.0%	80.0%	80.0%	80.0%	80.0%
Other Ratios					
Net operating margin (b)(c)	11.2%	7.6%	4.7%	8.9%	12.7%
Net operating margin, adjusted (b)(c)	18.2%	23.1%	9.4%	15.1%	21.2%
Adjusted debt to capitalization (b)(c)	126.8%	108.0%	123.6%	104.9%	93.1%

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

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

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

(d) The annual debt service coverage ratio's first testing date is June 30, 2025 per Hamlin and must be at least 1.15x.

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

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

(g) The occupancy covenant must be met each quarter. The occupancy calculation represents the last day of each quarter for all levels of living.

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

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

	2025	2024
Revenues		
Independent Living Fees	\$4,988	\$4,679
Entrance fees earned/cancellation penalties	194	197
Skilled nursing, assisted living and memory support fees	5,798	4,970
Investment Income	124	164
	<u>11,104</u>	<u>10,010</u>
Expenses		
Operating expenses:		
Salaries and benefits	5,399	4,814
General and administrative	2,258	2,156
Plant operations	966	905
Housekeeping	40	34
Dietary	564	493
Medical and other resident care	356	513
Interest	1,872	1,884
	<u>11,455</u>	<u>10,799</u>
(Deficit) Excess of revenues over expenses	<u>(351)</u>	<u>(789)</u>
Other Changes in Net Assets		
Depreciation	(927)	(834)
Amortization	<u>(1,621)</u>	<u>(1,995)</u>
Changes in net assets	(2,899)	(3,618)
Net assets at beginning of period	<u>(26,271)</u>	<u>(9,258)</u>
Net assets at end of the period	<u><u>(\$29,170)</u></u>	<u><u>(\$12,876)</u></u>

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

		December 31, 2024	Additions/(Refunds)	March 31, 2025
Resident #1	ML Resident March 2024	146		146
Resident #8	ML Resident Dec 2024	137	(137)	-
Resident #9	ML Resident Dec 2024	207	(207)	-
Resident #10	TC Resident Nov 2024	180	(180)	-
Resident #11	TC Resident Dec 2024	246	(246)	-
Resident #12	ML Resident Feb 2025	-	99	99
Resident #13	ML Resident Feb 2025	-	144	144
Resident #14	ML Resident Mar 2025	-	172	172
Resident #15	WC Resident Mar 2025	-	178	178
	ML entry to be corrected	-	(2)	(2)
		916	(179)	737