

**CONTINUING DISCLOSURE REPORT**  
**for the year ended December 31, 2025**



**OBLIGATED GROUP**

**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, 2026

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, 2025.
- (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, 2025, 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 4.4 of the Loan Agreement dated December 1, 2004, 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.

DocuSigned by:  
  
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Nick Harshfield

SVP & CFO

Cc: Bankers Trust, Kristy Olesen



April 30, 2026


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 COMMUNITIES, INC.

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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”).

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.

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

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 (“CMW Obligated Group”). 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. CMW Obligated Group and GreenFields are separately financed and are not members of the Obligated Group. However, Lifespace has Liquidity Support Agreements with the CMW Obligated Group and GreenFields that have not been funded to date.

As of April 1, 2025, the Corporation and its affiliates operate 15 CCRCs in seven states from the corporate office located in Dallas, Texas. References to the “Communities” herein are to the 11 CCRCs owned and operated by the Corporation that make up the Obligated Group.

On April 1, 2025, the sale of Abbey Delray was consummated, with March 31, 2025 as the last day of Lifespace Communities, Inc. ownership. The community is accounted for as a discontinued operation within the enclosed financial statements.

Lifespace personal services (“LPS”) is a non-Medicare certified home health business unit which provides services to the residents of the various Lifespace communities. The activity of this service line has been excluded from the operations of the Obligated Group commencing in 2024.

Calendar year-end financial information for December 31, 2025 and prior is provided from audited 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 South (5)	216	44		28	46		334	4
Beacon Hill (2)	353			26	84		463	3
Claridge Court (2)	123			17	28		168	4
Friendship Village of Bloomington (1)(5)	331	12	42	66		32	483	4
Friendship Village of South Hills (1)	244	18	50	35	54	32	433	3
Harbour's Edge	266			50	4		320	4
Newcastle Place	129	29	36	47		16	257	3
Oak Trace (3)	342	16	66	84	20	28	556	5
Querencia (4)	156	10	40	38	4	23	271	4
The Waterford	215	26		30	30		301	4
Village on the Green	204	58	36	40	8	18	364	5
<b>Total</b>	<b>2,579</b>	<b>213</b>	<b>270</b>	<b>461</b>	<b>278</b>	<b>149</b>	<b>3,950</b>	

\* The CMS 5-Star ratings are as of January 2026.

Change in units from December 31, 2024

- (1) Friendship Village of Bloomington and Friendship Village of South Hills each had an apartment combo in first quarter.
- (2) Beacon Hill and Claridge Court each had an apartment combo in second quarter.
- (3) Oak Trace combined two obsolete units in second quarter.
- (4) Querencia removed a room from inventory in second quarter.
- (5) Abbey Delray South and Friendship Village of Bloomington each had an apartment combo in third quarter.

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

Community	2022				2023				2024				2025			
	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 South, FL (b)	66.8%	90.0%	NA	NA	67.8%	93.8%	NA	NA	64.6%	95.0%	NA	NA	62.9%	95.8%	NA	NA
Beacon Hill, IL (b)	80.7%	87.5%	NA	NA	77.2%	90.4%	NA	NA	80.7%	93.1%	NA	NA	79.3%	91.2%	NA	NA
Claridge Court, KS	84.5%	95.6%	NA	NA	88.6%	92.7%	NA	NA	96.5%	92.1%	NA	NA	98.9%	92.7%	NA	NA
Friendship Village of Bloomington, MN (a)(b)	77.1%	89.3%	89.5%	93.4%	78.3%	95.5%	93.6%	97.2%	90.2%	95.5%	98.4%	98.8%	97.6%	95.6%	98.3%	97.8%
Friendship Village of South Hills, PA (b)	78.8%	82.1%	94.4%	97.8%	77.8%	87.3%	94.0%	97.8%	84.0%	89.0%	95.3%	97.1%	84.1%	90.4%	98.0%	97.8%
Harbour's Edge, FL	89.7%	92.8%	NA	NA	91.8%	92.6%	NA	NA	96.0%	94.8%	NA	NA	97.6%	96.1%	NA	NA
Newcastle Place, WI (e)	91.8%	80.9%	94.4%	97.5%	89.8%	84.9%	91.7%	93.1%	96.2%	82.7%	89.8%	87.7%	98.3%	87.0%	92.5%	93.1%
Oak Trace, IL (b)(c)	84.2%	94.1%	86.7%	97.9%	82.1%	94.6%	96.5%	96.1%	72.9%	97.2%	96.7%	94.5%	83.7%	97.3%	98.0%	98.9%
Querencia, TX	96.3%	95.5%	95.8%	87.8%	98.3%	93.8%	96.0%	87.4%	96.3%	95.1%	96.0%	88.2%	98.3%	96.2%	95.3%	97.0%
The Waterford, FL (b) (d)	77.4%	89.2%	NA	NA	81.4%	87.0%	NA	NA	83.4%	72.1%	NA	NA	83.3%	70.0%	NA	NA
Village on the Green, FL	71.1%	92.7%	95.6%	96.7%	75.5%	93.8%	95.8%	97.8%	79.4%	96.5%	96.0%	91.0%	82.3%	95.6%	92.8%	91.1%
Obligated Group	80.3%	89.6%	92.1%	95.2%	81.0%	91.5%	94.8%	95.2%	83.8%	91.6%	95.6%	93.9%	86.5%	91.9%	96.2%	96.6%

(a) Friendship Village of Bloomington's new health center opened in June 2022.

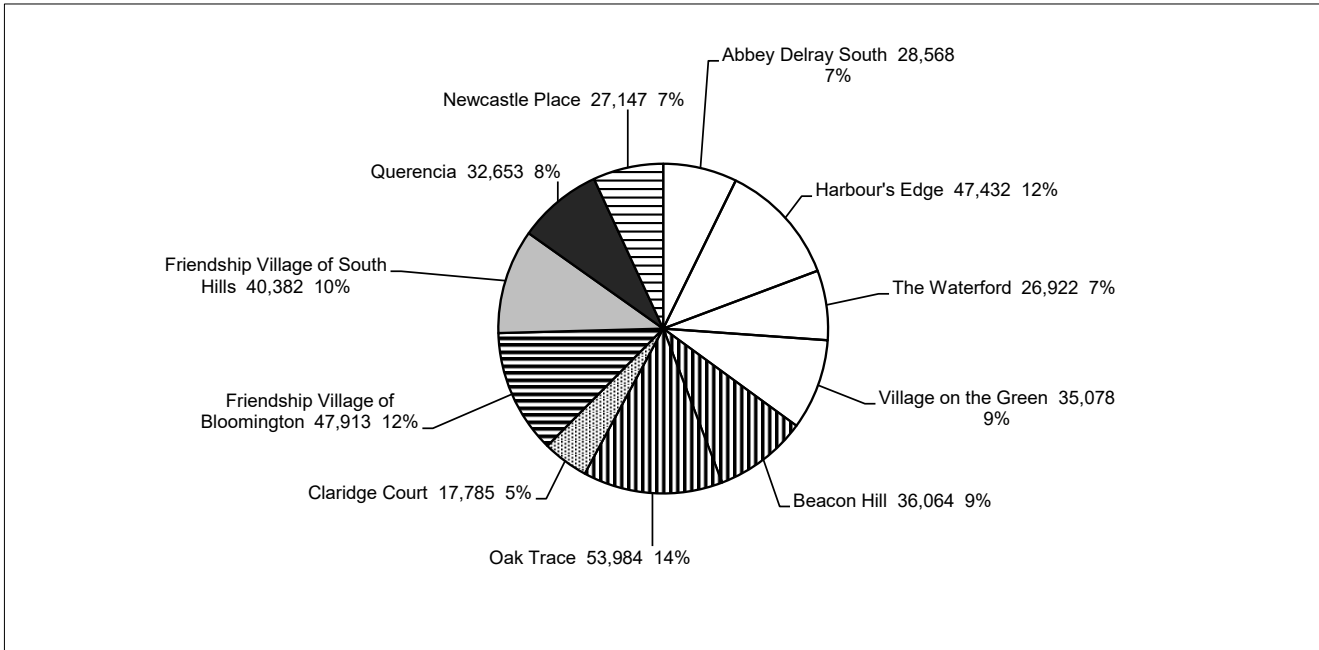
(b) The 2023 living units are impacted by the reduction of 80 smaller obsolete units and 87 additional units at January 1, 2024 as mentioned on the Summary of Units Operated per Community page.

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

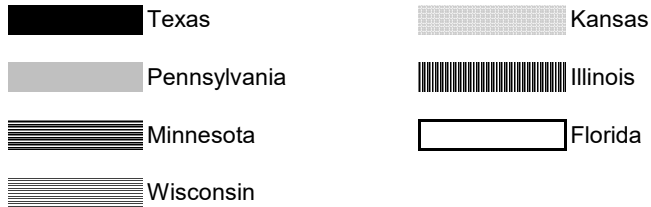
(d) The Waterford opened three villas in the second quarter and five villas in the third quarter of 2024.

(e) 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, 2025**  
**(\$ 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			
	2022	2023	2024	2025
Lifecare	12.0%	13.3%	11.8%	12.1%
Private Pay	29.1%	26.8%	24.6%	23.4%
Medicare	44.6%	43.8%	44.5%	45.5%
Medicaid	3.5%	3.4%	3.1%	1.9%
Other	10.9%	12.7%	16.0%	17.1%
<b>Total Patient Mix</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Year-To-Date Average Service Units Available	739	739	739	739
Year-To-Date Average Occupancy Percentage	89.6%	91.5%	91.6%	91.9%

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

**Year Ended December 31, 2025 versus Year Ended December 31, 2024:**

The average year-to-date independent living occupancy through December 31, 2025, was 2,415 independent living homes (86.6% of the 2,792 average available homes). The average year-to-date occupancy through December 31, 2024 was 2,338 independent living homes (83.8% of the 2,790 average available homes). The average year-to-date occupancy for both periods are exclusive of Abbey Delray. The change in average available homes from December 31, 2024 to the same period in 2025 is due to new independent living units at Oak Trace and The Waterford which is offset by seven communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to \$192,654,000 in 2025, a 6.6% increase over \$180,720,000 from the same revenue sources in 2024. The increase is due mainly to occupancy and monthly fee increases and offset by lower processing fees. As previously mentioned, the average year-to-date occupancy has increased to 86.6% as of December 31, 2025 from 83.8% for the same period ending 2024. Monthly fees increased in a range of 4.0% to 6.9%. Some community's increases were effective January 1, 2025 while others were effective February 1, 2025. Processing fees are lower due to less year-to-date closings in 2025 of 332 than in 2024 of 485. The year of 2024 includes Oak Trace's new Independent Living apartments closings (126) and The Waterford's new townhome closings (8).

Revenues from the health center, assisted living, and memory support fees were \$140,691,000 in 2025 compared to \$132,975,000 in 2024, an increase of 5.8%. This increase is due mainly to the monthly fee increases and higher occupancy. Monthly fee increases ranged from 4.5% to 7.0%. Some community increases were effective January 1, 2025 with others were effective February 1, 2025. In addition, year-to-date average occupancy in the health center, assisted living and memory support are all higher in 2025 versus 2024.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were \$304,051,000 in 2025, an increase of \$13,727,000 or 4.7% from comparable expenses of \$290,324,000 in 2024. Salaries and benefits increased \$5,208,000 or 3.5% due primarily to merit increases effective January 1, 2025 and filled positions that were vacant in the prior period including positions that were previously filled by agency. General and administrative expense increased \$6,687,000 or 8.5% due primarily to travel, consulting/outsourcing services, centralized systems and services, real estate taxes, network, data center and interest access, and damage claims paid. Plant operations increased \$1,576,000 or 7.3% due primarily to repairs and maintenance, cable/satellite television, and utilities. Dietary expense increased \$1,084,000 or 3.8% due primarily to increased occupancy in all levels of living. Medical and other resident care decreased \$908,000 or 8.4% due primarily to less agency spend as positions are filled and increasing salaries and benefits.

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

**Year Ended December 31, 2025 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. The following budget has been adjusted for the exclusion of LPS.

(in thousands)	Actual	Budget	Favorable/ (Unfavorable)
<b>Revenues</b>			
Independent Living Fees	\$192,654	\$192,218	\$436
Skilled nursing, assisted living and memory support fees	140,691	132,784	7,907
	333,345	325,002	8,343
<b>Expenses</b>			
Operating expenses:			
Salaries and benefits	154,649	160,080	5,431
General and administrative	85,245	80,536	(4,709)
Plant operations	23,232	21,118	(2,114)
Housekeeping	1,687	1,654	(33)
Dietary	29,288	31,282	1,994
Medical and other resident care	9,950	5,446	(4,504)
	304,051	300,116	(3,935)
Net operating margin	29,294	24,886	4,408
Net entrance fees, including initial entrance fees	78,002	82,046	(4,044)
Capital expenditures, financed with bond proceeds	65,978	56,141	(9,837)
Capital expenditures, routine and community projects	49,118	46,115	(3,003)

Net operating margin is favorable to budget by \$4,408,000.

Skilled nursing, assisted living and memory support fees are favorable to budget by \$7,907,000 due primarily to higher occupancy than budgeted in the health center, assisted living and memory support. The health center budgeted an average year to date occupancy of 90.4% and has actual occupancy of 91.9%. Assisted Living budgeted an average year to date occupancy of 93.3% and has actual occupancy of 96.2%. Memory Care budgeted an average year to date occupancy of 93.0% and has actual occupancy of 96.6%. All excluding Abbey Delray.

Salaries and benefits are \$5,431,000, or 6.7%, 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 \$4,709,000, or 5.8%, unfavorable to budget due primarily to consulting/outsourcing fees, legal services, bank charges, liability and property insurance, supplies, network, data center, and internet access, bad debt and damage claims paid.

Plant operations expenses are \$2,114,000, or 10.0%, unfavorable to budget due primarily to utilities and cable/satellite television.

Medical and other resident care expense is unfavorable to budget by \$4,504,000, or 82.7%, due primarily to higher occupancy in higher levels of living than budgeted as previously mentioned, agency staff usage, and transportation.

Net entrance fees are unfavorable to budget by \$4,044,000. The budget for the year ended December 31, 2025 had 418 closings compared to the actual closings of 332.

Capital expenditures financed with bond proceeds and routine and community projects are more than budgeted by \$9,837,000 and \$3,003,000, respectively. These are the result of timing.

**Ratios:**

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

The Net Operating Margin Ratio increased from 7.5% for the year ended December 31, 2024 to 8.8% for the same period in 2025. The Net Operating Margin, Adjusted Ratio increased from 23.5% for the year ended December 31, 2024 to 24.8% for the same period in 2025. The annual debt service coverage ratio increased from 2.1 for the year ended December 31, 2024 to 2.3 for the same period in 2025, which exceeds the covenant of 1.2.

Investment income increased when comparing the year ended December 31, 2025 to the same period in 2024. Excluding the unrealized gain/loss, investment income represents an increase of \$5,272,000, 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, 2025</u>	<u>December 31, 2024</u>
Interest and Dividend Income	\$6,928	\$7,170
Realized Gain/(Loss)	9,929	4,415
Unrealized Gain/(Loss)	<u>3,481</u>	<u>6,583</u>
Total	\$20,338	\$18,168

The Adjusted Debt to Capitalization increased from 148.6% at December 31, 2024 to 158.3% at December 31, 2025.

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

**Liquidity and Capital Requirements – Year Ended December 31, 2025 versus Year Ended December 31, 2024:**

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds and including initial entrance fees, were \$78,002,000 for the year ended December 31, 2025 compared to \$128,656,000 for the same period in 2024. The number of entrance fee move-ins was 332 for the year ended December 31, 2025 compared to 485 in the year ended December 31, 2024. In addition, there were initial entrance fees at one community of \$6,796,000 (13 closings) in the year ended December 31, 2025 and at three communities of \$63,048,000 (137 closings) in the year ended December 31, 2024.

Daily operating expenses for 2025 increased to \$922,000 from \$880,000 in 2024, a change of 5.0%. The overall unrestricted cash position increased from \$181,469,000 at December 31, 2024 to \$185,966,000 at December 31, 2025, a change of 2.5%. The Days Cash on Hand Ratio decreased from 206 days at December 31, 2024 to 202 days at December 31, 2025.

Capital expenditures for the communities for the year ended December 31, 2025 were \$115,095,000, while depreciation expense for the same period was \$68,435,000. The redevelopment project accounts for \$14,359,000 of this year-to-date 2025 expenditure balance. In addition, various community projects were funded by the Series 2021, 2022, 2023, and 2024 financings, Abbey Delray project funds and the Line of Credit in the amount of \$51,619,000 for the year ended December 31, 2025. 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 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.

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, 2025 is 194% which is higher than the range as a result of the projects. The redevelopment projects and several 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 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

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

of credit follow the master trust indenture. As of December 31, 2025, the outstanding amount borrowed on the line of credit is \$18.7 million.

One community is in the process of significant construction currently. The community is using proceeds from the Series 2022 Bonds and the Abbey Delray Project Funds. 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 6, 2025, Fitch reaffirmed the Obligated Group's 'BBB' credit rating with and Stable outlook.

**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.

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>2025</b>	<b>2024</b>	<b>2023</b>
Excess (deficit) of revenues over expenses	(31,380)	(40,089)	(167,091)
Less:			
Entrance fees earned	(40,245)	(35,730)	(36,518)
Initial redevelopment entrance fee and/or redevelopment deposits	(6,796)	(63,048)	(8,291)
Add:			
Depreciation	68,435	61,061	57,969
Amortization	17,634	17,604	18,101
Interest Expense	33,825	33,338	24,770
Expenses paid by long-term debt issuances	802	285	1,509
Unrealized (gain) loss on securities	(3,481)	(6,583)	(13,795)
Loss (gain) on Derivatives	108	2,052	1,546
Realized (gain) loss on sale of assets	10	731	(374)
Loss on extinguishment of debt	-	1,092	2,062
Loss on settlement	1,245	1,480	131,778
Entrance fee proceeds (less refunds)	78,002	128,656	60,817
Income available for debt service	<u>118,159</u>	<u>100,849</u>	<u>72,483</u>
Annual debt service payment	51,486	48,191	35,337
Annual debt service coverage (b)(c)(d)	2.3	2.1	2.1
Maximum annual debt service payment	59,370	59,370	53,795
Maximum annual debt service coverage (d)	2.0	1.7	1.3
<b>Cash to Debt</b>			
Unrestricted cash and investments (a)	185,966	181,469	184,819
Debt service reserve fund	42,280	40,473	39,266
	<u>228,246</u>	<u>221,942</u>	<u>224,085</u>
Bonds outstanding long-term	867,712	881,520	780,131
Annual debt service	51,486	48,191	35,337
Maximum annual debt service	59,370	59,370	53,795
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.3	0.3	0.3
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	4.4	4.6	6.3
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	3.8	3.7	4.2
Department operating expenses (excluding expenses paid by long-term debt issuances and bad debt) plus interest	336,507	322,023	332,928
Daily expenses	922	880	912
Days of unrestricted cash & investments on hand (b)(c)(d)	202	206	203
<b>Other Ratios</b>			
Net operating margin (c)(d)	8.8%	7.5%	2.5%
Net operating margin, adjusted (c)(d)	24.8%	23.5%	16.3%
Adjusted debt to capitalization (c)(d)	158.3%	148.6%	141.3%

(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%.

(e) Lifespace Personal Services have been excluded in the financials beginning in 2024. The days cash on hand would be 192 and 201 for December 31, 2025 and 2024, respectively if Lifespace Personal Services were not excluded.

**LIFESPACE, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**



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

Board of Directors  
Lifespace, Inc.  
Dallas, Texas

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

#### ***Opinion***

We have audited the financial statements of Lifespace, Inc., which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Lifespace, Inc., as of December 31, 2025 and 2024, 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 within one year after the date that 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 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 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.

***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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
March 24, 2026

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

	December 31,	
<b>ASSETS</b>	2025	2024
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 68,285	\$ 48,337
Investments in Trading Portfolio, Excluding Those Whose Use is Limited	84,776	95,958
Accounts and Other Receivables	19,897	19,411
Allowance for Credit Losses	(1,922)	(2,809)
Inventories	507	722
Prepaid Insurance and Other	7,033	8,865
Assets Whose Use is Limited - Current	25,308	23,819
Assets Held for Sale	-	67,054
Total Current Assets	203,884	261,357
<b>ASSETS WHOSE USE IS LIMITED - Noncurrent</b>	193,068	206,117
<b>LONG-TERM RECEIVABLE</b>	628	381
<b>PROPERTY AND EQUIPMENT, AT COST</b>		
Land and Improvements	105,039	94,104
Buildings and Improvements	1,552,952	1,490,939
Furniture and Equipment	147,295	135,669
Construction-in-Progress	92,855	82,633
Subtotal	1,898,141	1,803,345
Less: Accumulated Depreciation	702,461	655,689
Net Property and Equipment	1,195,680	1,147,656
<b>SWAP DERIVATIVE</b>	-	108
<b>GOODWILL, Net of Accumulated Amortization</b>	71,549	88,858
<b>DEFERRED EXPENSES, Net of Accumulated Amortization</b>	14,575	10,537
<b>INTANGIBLE ASSET, Net of Accumulated Amortization</b>	14,452	17,623
Total Assets	\$ 1,693,836	\$ 1,732,637

See accompanying selected information to Consolidated Financial Statements.

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

LIABILITIES AND NET DEFICIT	December 31,	
	2025	2024
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 41,701	\$ 28,566
Accrued Liabilities:		
Employee Compensation Expense	22,521	24,860
Interest	11,716	9,444
Property Taxes	3,968	5,114
Other	15,064	13,214
Total Accrued Liabilities	53,269	52,632
Entrance Fee Refunds	7,785	6,853
Reserve for Health Center Refunds	45,317	27,635
Long-Term Debt Due within One Year	33,304	21,511
Settlement Payable Due within One Year	10,043	10,913
Obligation under Leases Due within One Year	1,178	1,048
Liabilities Held for Sale	-	6,917
Total Current Liabilities	192,597	156,075
<b>LONG-TERM LIABILITIES</b>		
Entrance Fee Deposits	3,296	2,139
Wait List Deposits	3,623	2,339
Long-Term Debt Due after One Year	1,028,939	1,044,249
Obligation under Leases Due after One Year	4,141	4,751
Settlement Payable	32,532	41,194
Deferred Entrance Fees	248,918	232,777
Refundable Entrance and Membership Fees	776,974	770,137
Estimated Obligation to Provide Future Services in Excess of Amounts Received or to be Received	-	718
Total Long-Term Liabilities	2,098,423	2,098,304
Total Liabilities	2,291,020	2,254,379
<b>NET DEFICIT</b>		
Without Donor Restrictions (Note 2)	(605,232)	(530,681)
With Donor Restrictions (Note 2)	8,048	8,939
Total Net Deficit	(597,184)	(521,742)
Total Liabilities and Net Deficit	\$ 1,693,836	\$ 1,732,637

See accompanying selected information to Consolidated Financial Statements.

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

	Year Ended December 31,	
	2025	2024
<b>REVENUES</b>		
Independent Living Fees	\$ 221,088	\$ 208,814
Entrance Fees Earned and Nonrefundable Fees	44,543	39,634
Skilled Nursing and Assisted Living Fees	193,544	180,453
Other	1,357	1,288
Gain on Interest Forgiveness	-	1,139
Total Revenues	460,532	431,328
<b>EXPENSES</b>		
Operating Expenses:		
Salaries and Benefits	234,391	223,467
General and Administrative	75,017	73,521
Plant Operations	29,170	26,603
Housekeeping	1,970	1,822
Dietary	35,416	34,030
Medical and Other Resident Care	12,578	14,366
Depreciation	78,814	67,901
Amortization	28,139	29,166
Interest	45,906	45,010
Loss on Disposal of Property and Equipment	22	1,903
Extinguishment of Debt	-	1,092
Change in Obligation to Provide Future Services	(718)	718
Loss on Swap Derivative	108	2,052
Total Expenses	540,813	521,651
<b>NONOPERATING INCOME (LOSS)</b>		
Investment Income	23,250	22,498
Loss on Settlement	(1,245)	(1,480)
Total Nonoperating Income (Loss)	22,005	21,018
<b>DEFICIT OF REVENUES OVER EXPENSES AND LOSS ON CONTINUING OPERATIONS</b>	(58,276)	(69,305)
<b>DISCONTINUED OPERATIONS</b>		
Loss from Operations of Discontinued Operations	(4,261)	(16,807)
Gain (Loss) on Sale of Discontinued Operations	(12,905)	102,698
Total Gain (Loss) on Discontinued Operations	(17,166)	85,891
<b>CHANGES IN NET ASSET (DEFICIT)</b>	(75,442)	16,586
Net Deficit - Beginning of Year	(521,742)	(538,328)
<b>NET DEFICIT - END OF YEAR</b>	\$ (597,184)	\$ (521,742)

See accompanying selected information to Consolidated Financial Statements.

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

	Year Ended December 31,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Asset (Deficit)	\$ (75,442)	\$ 16,586
Loss from Discontinued Operations	4,261	16,807
Adjustments to Reconcile Change in Net Asset (Deficit) to Net Cash Provided (Used) by Operating Activities:		
Entrance Fees Earned	(44,543)	(39,634)
Proceeds from Nonrefundable Entrance Fees and Deposits	68,048	74,897
Refunds of Entrance Fees	(5,667)	(4,594)
Depreciation and Amortization	106,953	97,067
Amortization of Financing Costs	1,480	1,453
Net Accretion of Original Issue Premium and Discounts on Bonds	(1,639)	(1,705)
Change in Unrealized Appreciation of Investments	(3,705)	(7,626)
Net Sales (Purchases) of Trading Investments	25,173	(18,323)
Change in Obligation to Provide Future Service	(718)	718
Loss on Disposal of Property and Equipment	22	1,903
Change in Entrance Fee Deposits	2,297	(7,993)
(Gain) Loss on Sale of Discontinued Operations	12,905	(102,698)
Loss on Settlement	1,245	676
Loss on Extinguishment of Debt	-	1,092
Gain on Forgiveness of Interest	-	(1,139)
Loss on Swap Derivative	108	2,052
Changes in Operating Assets and Liabilities:		
Accounts and Other Receivables, Allowance for Credit Losses, Inventories, and Prepaid Insurance and Other	(10,373)	(31,380)
Trade Accounts Payable and Accrued Liabilities	17,398	1,989
Net Cash Provided by Continued Operating Activities	97,803	148
Net Cash Used by Discontinued Operating Activities	(4,571)	(33,228)
Net Cash Provided (Used) by Operating Activities	93,232	(33,080)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(126,857)	(106,306)
Proceeds from Sale of Property and Equipment	48,079	-
Net Cash Used by Continued Investing Activities	(78,778)	(106,306)
Net Cash Used by Discontinued Investing Activities	(1,366)	(4,663)
Net Cash Used by Investing Activities	(80,144)	(110,969)

See accompanying selected information to Consolidated Financial Statements.

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

	Year Ended December 31,	
	2025	2024
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financing Costs Incurred	\$ (38)	\$ (3,417)
Proceeds from New Financings	-	170,551
Advances from Line of Credit	9,302	-
Repayment of Long-Term Debt	(12,533)	(8,630)
Extinguishment of Prior Debt	-	(110,049)
Cash Received on Settlement of Swap Derivative	-	559
Payments on Leases	(483)	(180)
Payments on Settlement	(10,913)	(11,470)
Proceeds from Refundable Entrance Fees and Deposits	101,521	147,393
Refunds of Refundable Entrance Fees	(80,912)	(79,427)
Net Cash Provided by Financing Activities	<u>5,944</u>	<u>105,330</u>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	19,032	(38,719)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>167,834</u>	<u>206,553</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 186,866</u>	<u>\$ 167,834</u>

*See accompanying selected information to Consolidated Financial Statements.*

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2025**  
**(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).

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. The Stayton’s activity is presented as discontinued operations (Note 9).

Lifespace owned and operated the Abbey Delray community in Delray Beach, Florida until April 1, 2025. On April 1, 2025, all assets and operations of Abbey Delray were sold to a third party. Abbey Delray’s activity is presented as discontinued operations (Note 9).

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**  
(IN THOUSANDS)

**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 15 communities. Eleven communities and the support center office are separate divisions. Four 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 11 of the 15 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 11 communities of Lifespace creating the Obligated Group are:

<b>Operating Name</b>	<b>Location</b>
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

Lifespace personal services (LPS) is a non-Medicare certified home health business unit which provides services to the residents of the various Lifespace communities. The activity of this service line has been excluded from the operations of the Obligated Group and included in the Nonobligated Group Members and Eliminations beginning in 2024.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**  
(IN THOUSANDS)

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

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

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

Legal/Operating Entity	Location
Support Center	Dallas, Texas
Greenfields of Geneva	Geneva, IL
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.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**  
**(IN THOUSANDS)**

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

**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 3 on the determination of fair value.

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 \$196 and \$177 was received in 2025 and 2024, 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 Lifespace's estimate of expected losses at the balance sheet date. The adequacy of 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.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**  
(IN THOUSANDS)

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

The allowance for credit losses was \$1,922 and \$2,809 at December 31, 2025 and 2024, respectively. Change in the allowance for expected credit losses for the years ended December 31, 2025 and 2024, were as follows:

	2025	2024
Allowance for Expected Credit Losses:		
Balance, Beginning of Year	\$ 2,809	\$ 1,393
Provision for Losses	983	1,975
Accounts Written Off as Uncollectible	(1,870)	(559)
Balance, End of Year	\$ 1,922	\$ 2,809

**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, 2025 and 2024, Lifespace capitalized interest charges of \$5,520 and \$4,183, 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,	
	2025	2024
Medicare	27 %	37 %
Medicaid	4	3
Residents and Other Third-Party Payors	69	60
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 that are required for obligations classified as current liabilities are reported as current assets.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**  
(IN THOUSANDS)

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

**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.

Goodwill of \$77,276 was recorded as part of the affiliation with SQLC. In 2020 and 2022, the remaining unamortized goodwill balance for Edgemere, SQLC and The Stayton were written off as impairment losses. The remaining net 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. This goodwill is amortized on a straight-line basis over an average of seven years.

	<u>Oak Trace</u>	<u>Querencia</u>	<u>Seniority</u>	<u>Newcastle</u>	<u>CMW Obligated Group</u>	<u>Greenfield s</u>	<u>Total</u>
<b>Goodwill</b>							
Balance at December 31, 2024 and 2025	<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, 2024	\$ 31,694	\$ 4,493	\$ (766)	\$ 18,539	\$ 9,365	\$ 4,175	\$ 67,500
Amortization	5,282	812	(139)	5,296	3,880	2,178	17,309
Balance at December 31, 2025	<u>\$ 36,976</u>	<u>\$ 5,305</u>	<u>\$ (905)</u>	<u>\$ 23,835</u>	<u>\$ 13,245</u>	<u>\$ 6,353</u>	<u>\$ 84,809</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>
2026	\$ 17,331
2027	17,306
2028	16,520
2029	11,306
2030	9,086
Total	<u>\$ 71,549</u>

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

**Deferred Expenses**

Net deferred expenses of \$14,575 and \$10,537 at December 31, 2025 and 2024, respectively, are marketing 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 \$18,016 and \$12,528 and the accumulated amortization was \$3,441 and \$1,991 in 2025 and 2024, 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,	
	2025	2024
Health Center Beds	2,755	2,755
Resident Contracts	11,697	14,868
Total Intangible Assets	\$ 14,452	\$ 17,623

Amortization expense of \$3,170 was recorded in 2025 and 2024, respectively. Accumulated amortization was \$15,363 and \$12,193 at December 31, 2025 and 2024, respectively.

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

Year Ending December 31,	Amount
2026	\$ 3,170
2027	2,435
2028	1,700
2029	1,700
2030	1,700
Thereafter	992
Total	\$ 11,697

**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,	
	2025	2024
Deferred Entrance Fees	\$ 248,918	\$ 232,777
Refundable Entrance and Membership Fees	776,974	770,137
Total	\$ 1,025,892	\$ 1,002,914

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.

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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 2025 or 2024.

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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:

	2025	2024
Residency Plan Agreement	\$ 253,249	\$ 254,438
Private Pay	69,105	62,684
Medicare	50,903	48,853
Medicaid	4,013	4,785
HMO/Managed Care	19,753	16,282
Hospice	220	289
Other	17,389	1,936
Total	\$ 414,632	\$ 389,267

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:

	2025	2024
Service Lines:		
Independent Living	\$ 221,088	\$ 208,814
Skilled Nursing Facility	125,195	119,171
Assisted Living and Memory Care	52,134	46,741
Home Health	16,215	14,541
Total	\$ 414,632	\$ 389,267

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**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) (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 follows:

	Accounts <u>Receivables</u>	Deferred <u>Entrance Fees</u>
Balances as of January 1, 2024	\$ 9,737	\$ 205,577
Balances as of December 31, 2024	16,602	232,777
Balances as of December 31, 2025	17,975	248,918

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, 2025 and 2024, no unamortized costs were expensed because of the impairment analysis. At December 31, 2025 and 2024, the customer contract acquisition costs are \$18,016 and \$12,794, respectively. During the years ended December 31, 2025 and 2024, Lifespace recognized amortization expense of \$1,350 and \$925, 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 \$2,747 and \$2,906 for the years ended December 31, 2025 and 2024, 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, 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, 2025 and 2024, 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, 2022, through December 31, 2024.

**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.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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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,	
	2025	2024
Cash and Cash Equivalents	\$ 68,285	\$ 48,337
Restricted Cash included in Assets Whose Use is Limited - Current	21,429	20,531
Restricted Cash included in Assets Whose Use is Limited - Noncurrent	97,152	98,966
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	\$ 186,866	\$ 167,834

During the years ended December 31, 2025 and 2024, Lifespace received interest income of \$9,416 and \$10,918, respectively, and paid interest charges of \$52,457 and \$55,610, 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.

**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 had a liability recognizing an obligation to provide future services to residents as of December 31, 2024. 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 \$-0- and \$718 at December 31, 2025 and 2024, respectively.

**Reclassifications**

Certain 2024 amounts within the consolidating balance sheet, statement of operations and statement of cash flows have been reclassified to conform with the 2025 presentation. The revisions had no impact on previously reported net assets.

**NOTE 3 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 4).

*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.

**LIFESPACE, INC.**  
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**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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).

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, 2025			
	Assets	Fair Value Hierarchy Level		
	Measured at Fair Value	Level 1	Level 2	Level 3
<b>ASSETS</b>				
Money Market	\$ 122,474	\$ 122,474	\$ -	\$ -
Equity Securities	58	58	-	-
Pooled Common Trust Funds	132,881	-	132,881	-
Corporate Bonds	8,339	-	8,339	-
U.S. Government and Federal Issues	34,975	-	34,975	-
Foreign Issues	2,666	2,666	-	-
Total Assets	<u>\$ 301,393</u>	<u>\$ 125,198</u>	<u>\$ 176,195</u>	<u>\$ -</u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

	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>

**NOTE 4 INVESTMENTS**

A summary of the investments is as follows:

	December 31,	
	2025	2024
Money Market Funds	\$ 122,474	\$ 113,293
Equity Securities	58	37
Pooled Common Trust Fund	132,881	156,117
Corporate Bonds	8,339	8,900
U.S. Government and Federal Agency Bonds	34,975	42,595
Foreign Domiciled U.S. Equity Securities	2,666	2,971
Dorvie	500	500
Risk Sharing Group	831	1,147
Start-Up Fund	428	334
Total	<u>\$ 303,152</u>	<u>\$ 325,894</u>

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

	December 31,	
	2025	2024
Investments in Trading Portfolio, Excluding Those Whose Use is Limited	\$ 84,776	\$ 95,958
Assets Whose Use is Limited – Current	25,308	23,819
Assets Whose Use is Limited – Noncurrent	193,068	206,117
Total	<u>\$ 303,152</u>	<u>\$ 325,894</u>

**LIFESPACE, INC.**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

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,	
	2025	2024
Money Market Funds	3 %	2 %
U.S. Government Obligations	23	30
Corporate Bonds	18	18
Asset-Backed Securities	4	5
Common Stock	47	43
Mortgage Backed Securities	5	2
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.

Investment income is comprised of the following:

	December 31,	
	2025	2024
Dividend and Interest Income	\$ 9,416	\$ 10,207
Net Realized Gains on Investments	10,129	4,665
Change in Unrealized Appreciation of Investments	3,705	7,626
Total Investment Income	<u>\$ 23,250</u>	<u>\$ 22,498</u>

Investment management and custodial fees amounted to \$174 and \$377 for the years ended December 31, 2025 and 2024, respectively. The fees are included in general and administrative.

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**NOTE 5 LIQUIDITY AND AVAILABILITY**

As of December 31, 2025 and 2024, Lifespace has a working capital surplus of \$11,287 and \$105,282 and days cash on hand of 167 and 168, 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,	
	2025	2024
Cash and Cash Equivalents	\$ 68,285	\$ 48,337
Investments in Trading Portfolio, at Fair Value	84,776	95,958
Accounts and Other Receivables	17,975	16,602
Assets Whose Use is Limited	218,376	229,936
Total Financial Assets	389,412	390,833
Less Amounts Unavailable to be Used Within One Year:		
Insurance Deposits	136	136
Foundation Investments	7,650	8,276
Operating and Renewal and Replacement Funds	40,151	42,853
Debt Service Reserve Funds	55,028	53,241
Real Estate Tax and Insurance Escrow	756	1,042
Other Escrows	2,500	-
Entrance Fee and Wait List Deposits	9,387	8,553
Team Member Appreciation Funds	288	373
Other	61	54
Total Unavailable Within One Year	115,957	114,528
Financial Expenditures Available to Meet Cash Needs Within One Year	\$ 273,455	\$ 276,305

**NOTE 6 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, 2025 and 2024, deposits of \$3,296 and \$2,139, respectively, had been received from future residents who have signed residency agreements and an approximate additional \$29,664 and \$19,251, 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, 2025 and 2024, Lifespace had one and two residents on the deferred entrance fee contract, respectively, and will pay the final portion of \$204 and \$279, respectively, in the following year. The remaining portion due is classified within trade accounts receivables.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 CONSTRUCTION IN PROGRESS**

Lifespace has construction in progress of \$92,703 and \$82,633 at December 31, 2025 and 2024, respectively. A portion of this represents updates to common areas at various communities. For the years ended December 31, 2025 and 2024, \$3,720 and \$2,550 of construction payables are recorded in accounts payable, respectively.

One community was in the process of significant construction at December 31, 2025 and 2024. The project is expected to be completed in phases over the next few years. The construction in progress for this construction project is \$40,014 and \$40,801 at December 31, 2025 and 2024, 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.

**NOTE 8 FINANCING AGREEMENTS**

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

	December 31,	
	2025	2024
Revenue Bonds:		
Series 2024, 5.0% - 6.625%	\$ 148,628	\$ 149,225
Series 2023, 6.6% - 11.0%	107,645	109,523
Series 2022, 5.0% - 5.5%	190,079	191,580
Series 2021, 4.0%	116,350	119,445
Series 2019, 2.875% - 5.0%	79,215	79,215
Series 2018, 4.125% - 5.0%	164,925	164,925
Series 2017, 5.0%	60,255	60,860
Series 2017, 5.0%, Taxable	10,115	10,115
Series 2016, 5.00%	69,545	69,545
Series 2015, 1.5% - 5%	85,215	89,850
Series 2004, 4.00%	2,435	2,655
Other:		
Line of Credit	18,734	9,432
	<u>1,053,141</u>	<u>1,056,370</u>
Plus: Net unamortized Original Issue Premium/Discounts on Bonds	23,677	25,456
Less: Unamortized Financing Costs	<u>(14,575)</u>	<u>(16,066)</u>
	1,062,243	1,065,760
Less: Amounts Due within One Year	<u>33,304</u>	<u>21,511</u>
Long-Term Debt Due after One Year	<u>\$ 1,028,939</u>	<u>\$ 1,044,249</u>

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

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 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 \$21,365 and \$21,327 as of December 31, 2025 and 2024, respectively, which are being amortized over the life of the bonds issued in relation to the debt outstanding. In 2025, Lifespace added \$38 in new financing costs from the 2024 financings. No financing costs were written off during 2025 due to refinancing or full amortization. In 2024, Lifespace added \$3,417 in new financing costs from the 2024 financings. In addition, Lifespace wrote off deferred financing costs of \$1,092 for debt that was refinanced. The accumulated amortization was \$6,790 and \$5,261 in 2025 and 2024, respectively. The annual expense which is included in interest expense was \$1,529 and \$1,751 in 2025 and 2024, 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 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 8 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:

	<u>Principal Payments</u>	
	<u>Next Payment</u>	<u>Final Payment</u>
Revenue Bonds:		
Series 2024	2026	2059
Series 2023	2026	2058
Series 2022	2026	2052
Series 2021	2026	2056
Series 2019	2049	2055
Series 2018	2031	2048
Series 2017	2026	2030
Series 2016	2031	2047
Series 2015	2026	2045
Series 2004	2026	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, 2025, scheduled maturities (including mandatory sinking fund requirements) are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 33,304
2027	129,143
2028	15,578
2029	16,555
2030	71,601
Thereafter	786,960
Total	<u>\$ 1,053,141</u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 FINANCING AGREEMENTS (CONTINUED)**

**Derivatives and Variable Interest Rate Risk Management**

Lifespace has used derivative instruments to manage variable interest rates on certain long-term debt issues. As part of Lifespace's strategy to manage the variability of interest rates, Lifespace had an interest rate swap agreement to reduce the impact of changes in interest rates which matured in 2025.

**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,	
	2025	2024
Insurance Deposits	\$ 136	\$ 136
Foundation Investments	7,650	8,276
Operating and Renewal and Replacement Reserve Funds	40,151	42,853
Debt Service Reserve Funds	55,028	53,241
Principal and Interest Funds	18,003	17,353
Pennsylvania Liquid Reserve	61	53
Liquidity Support Fund	5,498	5,233
Project Funds	76,511	90,499
Cost of Issuance Fund	-	1
Entrance Fee Deposits	4,935	4,413
Entrance Fee Fund	4	5
Wait List Deposits	4,452	4,140
Real Estate Tax and Insurance Escrow	756	1,042
Other Escrow	2,500	-
Working Capital	2,403	2,318
Team Member Appreciation Funds	288	373
Total	218,376	229,936
Less: Current Portion	25,308	23,819
Long-Term Portion	\$ 193,068	\$ 206,117

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

Certain revisions of amounts previously reported have been made to the accompanying consolidated financial statements. The disclosure of the current portion of assets whose use is limited for the prior year has been revised to conform with the current year presentation.

**Insurance Deposits**

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

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 FINANCING AGREEMENTS (CONTINUED)**

**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.

**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 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, 2025, calculation, South Hills is required to maintain \$4,531 in reserves. Friendship Village South Hills has \$7,632 in restricted accounts at December 31, 2025, 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. In addition, this includes the proceeds on the sale of Abbey Delray.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 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.

**Other Escrow**

As a part of the sale of the Abbey Delray community \$2,500 of the proceeds of the sale were transferred to an escrow.

**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.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 DISCONTINUED OPERATIONS**

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.

There were no assets or liabilities related to this entity at the years ended December 31, 2025 and 2024, due to the sale occurring in 2024.

The amount included in discontinued operations as of December 31, 2025 and 2024, consist of:

	2025	2024
Total Revenues	\$ -	\$ 9,558
Total Expenses	-	18,719
Net Loss from Discontinued Operations	\$ -	\$ (9,161)

Upon the sale of assets for this The Stayton, a gain on sale of \$102,698 was recorded for the year ended December 31, 2024.

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, 2025 and 2024 consist of:

	2025	2024
Total Assets	\$ -	\$ 67,054
Total Liabilities	-	6,917
Net Assets Held for Sale	\$ -	\$ 60,137

The amount included in discontinued operations as of December 31, 2025 and 2024 consist of:

	2025	2024
Total Revenues	\$ 8,342	\$ 34,394
Total Expenses	11,882	42,107
Net Loss from Discontinued Operations	\$ (3,540)	\$ (7,713)

Upon the sale of assets for this Abbey Delray, a loss on sale of \$12,905 was recorded for the year ended December 31, 2025.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 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, 2025							
	Program Services				Total Program Services	Supporting Services Management and General		Total
	Independent Living	Home Health	Skilled Nursing	Assisted Living		General		
Salaries and Benefits	\$ 109,309	\$ 15,716	\$ 61,492	\$ 20,547	\$ 207,064	\$ 27,327	\$ 234,391	
General and Administrative	43,932	-	9,500	6,154	59,586	15,431	75,017	
Plant Operations	20,010	-	5,559	3,601	29,170	-	29,170	
Housekeeping	1,352	-	375	243	1,970	-	1,970	
Dietary	24,295	-	6,749	4,372	35,416	-	35,416	
Medical and Other Resident Care	1,825	1,773	7,129	1,851	12,578	-	12,578	
Depreciation	51,362	-	14,268	9,243	74,873	3,941	78,814	
Amortization	19,303	-	5,362	3,474	28,139	-	28,139	
Interest	31,491	-	8,748	5,667	45,906	-	45,906	
Total Expense	<u>\$ 302,879</u>	<u>\$ 17,489</u>	<u>\$ 119,182</u>	<u>\$ 55,152</u>	<u>\$ 494,702</u>	<u>\$ 46,699</u>	<u>\$ 541,401</u>	

	Year Ended December 31, 2024							
	Program Services				Total Program Services	Supporting Services Management and General		Total
	Independent Living	Home Health	Skilled Nursing	Assisted Living		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>	

The loss on swap derivative, gain/loss on disposal of property, change in the obligation to provide future services and extinguishment of debt are excluded for the years ending December 31, 2025 and 2024. Fundraising expenses were not material and are included in management and general for the years ended December 31, 2025 and 2024.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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(IN THOUSANDS)

**NOTE 11 LEASES**

Lifespace has operating lease agreements for office equipment. The right-of-use asset for these agreements is \$752 and \$904 at December 31, 2025 and 2024, respectively. Payment and the related expenses for these leases were \$367 in 2025 and 2024. The leases have a weighted-average discount rate of 6.3% and 5.6% and a weighted-average remaining lease term of less than two and three years at December 31, 2025 and 2024.

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 \$-0- at December 31, 2025 and 2024. Payments for this lease were \$-0- and expense recorded in the financial statements is \$-0- for the year ended December 31, 2025. Payments for this lease were \$135 and expense recorded in the financial statements is \$141 for the year ended December 31, 2024. 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 \$2,245 and \$2,757 at December 31, 2025 and 2024, respectively. Payments of \$484 and \$471 were made during the years ended December 31, 2025 and 2024, respectively. There was expense recorded in the financial statements of \$482 for the years ended December 31, 2025 and 2024. 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 \$1,730 and \$1,722 at December 31, 2025 and 2024, respectively. The leases have a weighted-average discount rate of 6.9% and 7.1% and a weighted-average remaining lease term of less than three and four years at December 31, 2025 and 2024, 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>
2026	\$ 479	\$ 787
2027	457	750
2028	276	591
2029	160	526
2030	38	491
Thereafter	-	984
PV Discount	(148)	(72)
Total	<u>\$ 1,262</u>	<u>\$ 4,057</u>

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 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, 2025, 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, 2025, 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, 2025 and 2024, were approximately \$47,948 and \$15,864, respectively.

**NOTE 13 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 \$2,823 and \$3,018 for the years ended December 31, 2025 and 2024, respectively.

**LIFESPACE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 14 SUBSEQUENT EVENTS**

Lifespace has evaluated events or transactions that may have occurred since December 31, 2025, that would merit recognition or disclosure in the consolidated financial statements. This evaluation was completed through March 24, 2026, 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.

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2025**  
**(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	\$ 30	\$ 3,253	\$ 3,450	\$ 2,742	\$ 727	\$ 3,466	\$ 4,873	\$ 1,225	\$ 2,457	\$ 2,516	\$ 4,563	\$ 2,971	\$ 16,272	\$ 48,545	\$ 19,740	\$ 68,285
Investments in Trading Portfolio, Excluding Those Whose Use is Limited	(37,936)	(13,417)	884	9,794	37,398	(4,143)	33,252	12,936	22,677	58,894	(14,562)	(30,614)	22,107	97,270	(12,494)	84,776
Accounts and Other Receivables	1,262	1,832	1,079	336	944	1,497	26,822	743	1,727	659	995	2,224	-	40,120	(20,223)	19,897
Allowance for Credit Losses Receivable from Lifespace Communities, Inc.	(881)	(110)	(15)	5	(66)	(67)	(10)	10	(23)	(6)	11	(350)	-	(1,502)	(420)	(1,922)
Inventories	716	34	53	569	232	147	371	9	94	5	42	169	(2,132)	309	(309)	-
Prepaid Insurance and Other	-	29	55	16	70	42	45	22	38	26	51	58	-	452	55	507
Assets Whose Use is Limited - Current	-	591	393	174	447	1,029	706	289	393	535	566	423	-	5,546	1,487	7,033
Total Current Assets	567	721	861	380	2,038	1,273	1,613	1,311	2,477	1,075	3,847	1,397	-	17,560	7,748	25,308
	(36,242)	(7,067)	6,760	14,016	41,790	3,244	67,672	16,545	29,840	63,704	(4,487)	(23,722)	36,247	208,300	(4,416)	203,884
<b>ASSETS WHOSE USE IS LIMITED</b>																
Noncurrent	28,057	9,783	4,046	1,110	13,536	9,153	30,793	22,365	11,922	8,549	12,106	15,627	-	167,047	26,021	193,068
<b>LONG-TERM RECEIVABLE</b>																
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	628	628
<b>PROPERTY AND EQUIPMENT, AT COST</b>																
Land and Improvements	-	2,855	6,310	2,641	4,638	8,088	12,609	4,575	11,818	8,508	8,853	15,185	-	86,080	18,959	105,039
Buildings and Improvements	-	105,187	103,851	53,996	202,016	134,754	152,776	72,730	207,073	71,900	123,788	135,995	-	1,364,066	188,886	1,552,952
Furniture and Equipment	-	11,091	10,635	8,285	12,803	17,510	11,027	3,229	22,506	4,983	7,682	9,540	-	119,291	28,004	147,295
Construction-in-Progress	-	1,918	727	1,402	11,585	7,461	6,508	3,489	316	2,145	42,236	7,820	-	85,607	7,248	92,855
Subtotal	-	121,051	121,523	66,324	231,042	167,813	182,920	84,023	241,713	87,536	182,559	168,540	-	1,655,044	243,097	1,898,141
Less: Accumulated Depreciation	-	68,099	79,548	38,961	83,972	85,436	107,466	13,853	55,807	14,252	56,751	67,160	-	671,305	31,156	702,461
Net Property and Equipment	-	52,952	41,975	27,363	147,070	82,377	75,454	70,170	185,906	73,284	125,808	101,380	-	983,739	211,941	1,195,680
<b>GOODWILL, Net of Accumulated Amortization</b>																
	-	-	-	-	-	-	-	24,032	15,847	1,599	-	-	-	41,478	30,071	71,549
<b>DEFERRED EXPENSES, Net of Accumulated Amortization</b>																
	-	644	889	609	1,923	1,348	1,954	777	2,584	350	995	1,817	-	13,890	685	14,575
<b>INTANGIBLE ASSET, Net of Accumulated Amortization</b>																
	-	-	-	-	-	-	-	-	2,755	2,205	-	-	-	4,960	9,492	14,452
Total Assets	\$ (8,185)	\$ 56,312	\$ 53,670	\$ 43,098	\$ 204,319	\$ 96,122	\$ 175,873	\$ 133,889	\$ 248,854	\$ 149,691	\$ 134,422	\$ 95,102	\$ 36,247	\$ 1,419,414	\$ 274,422	\$ 1,693,836

**LIFESPACE, INC.**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2025**  
**(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	\$ 782	\$ 3,001	\$ 2,352	\$ 869	\$ 5,149	\$ 3,811	\$ 2,794	\$ 1,038	\$ 2,097	\$ 1,313	\$ 7,481	\$ 2,766	\$ -	\$ 33,453	\$ 8,248	\$ 41,701
Lifespace Communities, Inc.	1,118	376	(29)	987	273	267	1,053	182	177	366	(43)	171	(1,412)	3,486	(3,486)	-
Accrued Liabilities:																
Employee Compensation Expense	-	1,008	1,098	664	1,392	1,016	1,398	883	1,949	982	715	947	-	12,052	10,469	22,521
Interest	332	126	222	88	705	456	342	1,269	1,204	293	306	523	-	5,866	5,850	11,716
Property Taxes	-	-	203	107	1,825	(411)	(92)	376	1,017	343	-	(72)	-	3,296	672	3,968
Other	1,364	124	275	(10)	161	634	41	84	560	81	58	(46)	-	3,326	11,738	15,064
Entrance Fee Refunds	-	-	1,123	65	279	1,629	1,217	-	1,743	-	-	396	-	6,452	1,333	7,785
Reserve for Health Center Refunds	-	-	6,416	2,814	10,165	5,065	954	345	10,174	-	-	2,037	-	37,970	7,347	45,317
Long-Term Debt Due within One Year	235	1,235	2,174	913	2,721	2,933	2,286	2,068	1,312	3,077	9,989	2,681	-	31,624	1,680	33,304
Settlement Payable Due within One Year	992	811	967	454	1,046	1,004	1,253	-	1,091	791	767	867	-	10,043	-	10,043
Obligations under Leases																
Due within One Year	-	78	39	33	54	64	66	36	78	90	39	83	-	660	518	1,178
Total Current Liabilities	4,823	6,759	14,840	6,984	23,770	16,468	11,312	6,281	21,402	7,336	19,312	10,353	(1,412)	148,228	44,369	192,597
<b>LONG-TERM LIABILITIES</b>																
Entrance Fee Deposits	-	-	30	-	498	175	-	972	115	95	1,320	38	-	3,243	53	3,296
Wait List Deposits	-	1	14	302	658	91	220	450	-	1,462	18	-	-	3,216	407	3,623
Long-Term Debt Due After One Year	54,464	23,917	29,107	13,430	119,900	73,181	40,296	80,507	212,585	42,375	75,464	91,686	-	856,912	172,027	1,028,939
Long-Term Note Payable Related Party	-	-	-	-	-	-	-	8,125	2,675	-	-	-	-	10,800	(10,800)	-
Obligations under Leases																
Due After One Year	-	106	34	79	85	97	97	98	158	163	109	131	-	1,157	2,984	4,141
Settlement Payable	3,212	2,625	3,133	1,471	3,388	3,264	4,060	-	3,527	2,561	2,488	2,803	-	32,532	-	32,532
Deferred Entrance Fees	969	22,181	14,710	3,991	31,340	22,943	37,906	5,463	22,830	9,050	29,753	28,236	-	229,372	19,546	248,918
Refundable Entrance and Membership Fees	-	752	41,550	49,136	132,678	46,663	99,505	50,715	95,157	139,213	5,249	34,034	-	694,652	82,322	776,974
Total Long-Term Liabilities	58,645	49,582	88,578	68,409	288,547	146,414	182,084	146,330	337,047	194,919	114,401	156,928	-	1,831,884	266,539	2,098,423
Total Liabilities	63,468	56,341	103,418	75,393	312,317	162,882	193,396	152,611	358,449	202,255	133,713	167,281	(1,412)	1,980,112	310,908	2,291,020
<b>NET ASSETS</b>																
Without Donor Restrictions	(71,653)	(29)	(49,748)	(32,295)	(107,998)	(66,760)	(17,523)	(18,722)	(109,595)	(52,564)	709	(72,179)	37,659	(560,698)	(44,534)	(605,232)
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,048	8,048
Total Net Assets	(71,653)	(29)	(49,748)	(32,295)	(107,998)	(66,760)	(17,523)	(18,722)	(109,595)	(52,564)	709	(72,179)	37,659	(560,698)	(36,486)	(597,184)
Total Liabilities and Net Assets	\$ (8,185)	\$ 56,312	\$ 53,670	\$ 43,098	\$ 204,319	\$ 96,122	\$ 175,873	\$ 133,889	\$ 248,854	\$ 149,691	\$ 134,422	\$ 95,102	\$ 36,247	\$ 1,419,414	\$ 274,422	\$ 1,693,836

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEAR ENDED DECEMBER 31, 2025**  
**(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	\$ -	\$ 11,202	\$ 19,753	\$ 9,969	\$ 25,642	\$ 16,920	\$ 26,974	\$ 12,966	\$ 21,814	\$ 17,282	\$ 12,948	\$ 17,184	\$ -	\$ 192,654	\$ 28,434	\$ 221,088
Entrance Fees Earned and Nonrefundable Fees	-	4,792	3,250	1,296	4,298	3,950	6,965	1,232	2,994	1,319	6,073	4,076	-	40,245	4,298	44,543
Skilled Nursing and Assisted Living Fees, Net of Contractual Allowances of \$40,346 and Pass-Through	-	10,945	11,455	5,963	15,066	17,790	10,204	12,170	27,108	11,759	5,957	12,274	-	140,691	52,853	193,544
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,357	1,357
Total Revenues	-	26,939	34,458	17,228	45,006	38,660	44,143	26,368	51,916	30,360	24,978	33,534	-	373,590	86,942	460,532
<b>EXPENSES</b>																
Operating Expenses:																
Salaries and Benefits	-	11,034	15,605	8,101	18,598	16,794	12,749	11,681	24,962	14,544	8,236	12,345	-	154,649	79,742	234,391
General and Administrative	-	7,877	7,461	3,181	9,335	9,267	8,836	4,593	11,635	5,378	8,664	9,018	-	85,245	(10,228)	75,017
Plant Operations	-	1,832	2,205	890	2,323	2,377	2,963	1,610	2,758	2,155	2,028	2,091	-	23,232	5,938	29,170
Housekeeping	-	120	117	61	329	160	140	110	285	145	76	144	-	1,687	283	1,970
Dietary	-	2,123	2,841	1,417	3,216	3,162	3,226	2,112	3,877	2,604	1,994	2,716	-	29,288	6,128	35,416
Medical and Other Resident Care	-	1,487	1,034	526	465	1,461	1,183	677	1,070	510	608	929	-	9,950	2,628	12,578
Depreciation	-	5,002	4,756	2,898	9,713	5,755	8,229	2,536	12,461	2,639	6,116	8,330	-	68,435	10,379	78,814
Amortization	-	145	186	147	249	169	294	5,923	5,663	4,306	291	261	-	17,634	10,505	28,139
Interest	-	654	1,516	677	4,782	3,299	1,034	3,836	9,716	2,248	2,265	3,798	-	33,825	12,081	45,906
(Gain) Loss on Disposal of Property and Equipment	-	26	-	(2)	(34)	(2)	(3)	(8)	(50)	(15)	105	(7)	-	10	12	22
Change in Obligation to Provide Future Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(718)	(718)
Loss on Swap Derivative	-	-	-	-	-	-	-	-	108	-	-	-	-	108	-	108
Total Expenses	-	30,300	35,721	17,896	48,976	42,442	38,651	33,070	72,485	34,514	30,383	39,625	-	424,063	116,750	540,813
<b>NONOPERATING INCOME (EXPENSE)</b>																
Investment Income	-	1,238	1,111	313	2,250	1,165	2,638	407	1,329	1,847	1,576	1,063	5,401	20,338	2,912	23,250
Loss on Settlement	-	(112)	(133)	(62)	(144)	(138)	(172)	-	(150)	(109)	(106)	(119)	-	(1,245)	-	(1,245)
Total Nonoperating Income (Expense)	-	1,126	978	251	2,106	1,027	2,466	407	1,179	1,738	1,470	944	5,401	19,093	2,912	22,005
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND CONTINUING OPERATIONS</b>																
	-	(2,235)	(285)	(417)	(1,864)	(2,755)	7,958	(6,295)	(19,390)	(2,416)	(3,935)	(5,147)	5,401	(31,380)	(26,896)	(58,276)
<b>DISCONTINUED OPERATIONS</b>																
Loss from Operations of Discontinued Operations	(3,540)	-	-	-	-	-	-	-	-	-	-	-	-	(3,540)	(721)	(4,261)
Loss on Sale of Discontinued Operations	(12,905)	-	-	-	-	-	-	-	-	-	-	-	-	(12,905)	-	(12,905)
Total Loss on Discontinued Operations	(16,445)	-	-	-	-	-	-	-	-	-	-	-	-	(16,445)	(721)	(17,166)
<b>OTHER CHANGES IN NET ASSETS</b>																
Contributions (to) from Lifespace Communities, Inc.	(26,439)	(87)	(536)	(318)	(479)	(410)	(517)	(231)	(564)	(343)	14,780	10,168	-	(4,976)	4,976	-
<b>CHANGES IN NET ASSETS (DEFICIT)</b>																
	(42,884)	(2,322)	(821)	(735)	(2,343)	(3,165)	7,441	(6,526)	(19,954)	(2,759)	10,845	5,021	5,401	(52,801)	(22,641)	(75,442)
Net Assets - Beginning of Year	(28,769)	2,293	(48,927)	(31,560)	(105,655)	(63,595)	(24,964)	(12,196)	(89,641)	(49,805)	(10,136)	(77,200)	32,258	(507,897)	(13,845)	(521,742)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (71,653)</b>	<b>\$ (29)</b>	<b>\$ (49,748)</b>	<b>\$ (32,295)</b>	<b>\$ (107,998)</b>	<b>\$ (66,760)</b>	<b>\$ (17,523)</b>	<b>\$ (18,722)</b>	<b>\$ (109,595)</b>	<b>\$ (52,564)</b>	<b>\$ 709</b>	<b>\$ (72,179)</b>	<b>\$ 37,659</b>	<b>\$ (560,698)</b>	<b>\$ (36,486)</b>	<b>\$ (597,184)</b>

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2025**  
**(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)	\$ (42,884)	\$ (2,322)	\$ (821)	\$ (735)	\$ (2,343)	\$ (3,165)	\$ 7,441	\$ (6,526)	\$ (19,954)	\$ (2,759)	\$ 10,845	\$ 5,021	\$ 5,401	\$ (52,801)	\$ (22,641)	\$ (75,442)
Loss from Discontinued Operations	3,540	-	-	-	-	-	-	-	-	-	-	-	-	3,540	721	4,261
Adjustments to Reconcile Changes in Net Asset (Deficit) to Net Cash Provided (Used) by Operating Activities:																
Entrance Fees Earned	-	(4,792)	(3,250)	(1,296)	(4,298)	(3,950)	(6,965)	(1,232)	(2,994)	(1,319)	(6,073)	(4,076)	-	(40,245)	(4,298)	(44,543)
Proceeds from Nonrefundable Entrance Fees and Deposits	-	4,979	3,732	1,430	7,216	7,942	11,405	1,439	6,914	2,208	5,243	10,554	-	63,062	4,986	68,048
Refunds of Entrance Fees	-	(785)	(149)	-	-	-	(540)	-	(273)	(329)	(1,788)	(1,283)	-	(5,147)	(520)	(5,667)
Depreciation and Amortization	-	5,147	4,942	3,045	9,962	5,924	8,523	8,459	18,124	6,945	6,407	8,591	-	86,069	20,884	106,953
Amortization of Financing Costs	-	28	42	17	109	72	57	142	182	9	60	89	-	807	673	1,480
Net Accretion of Original Issue Premium and Discounts on Bonds	-	(91)	(94)	(43)	(370)	(207)	(65)	11	(375)	4	(127)	(282)	-	(1,639)	-	(1,639)
Change in Unrealized Appreciation of Investments	-	(365)	(181)	(39)	(301)	(244)	(618)	(32)	(216)	185	(463)	(384)	(823)	(3,481)	(224)	(3,705)
Net (Purchases) Sales of Trading Investments	7,690	5,538	8,092	(66)	3,836	1,168	11,250	(13,594)	(1,370)	(10,805)	7,518	2,719	(1,174)	20,802	4,371	25,173
Change in Obligation to Provide Future Services (Gain) Loss on Disposal of Property and Equipment	-	26	-	(2)	(34)	(2)	(3)	(8)	(50)	(15)	105	(7)	-	10	12	22
Change in Entrance Fee Deposits	-	-	30	66	501	202	170	1,094	(4)	183	(180)	287	-	2,349	(52)	2,297
Gain on Sale of Discontinued Operations	12,905	-	-	-	-	-	-	-	-	-	-	-	-	12,905	-	12,905
Contributions to Lifespace Communities, Inc.	26,439	87	536	318	479	410	517	231	564	343	(14,780)	(10,168)	-	4,976	(4,976)	-
Loss on Settlement	-	112	133	62	144	137	173	-	150	109	106	119	-	1,245	-	1,245
Change in Value of Swap Derivative	-	-	-	-	-	-	-	-	108	-	-	-	-	108	-	108
Changes in Operating Assets and Liabilities:																
Accounts and Other Receivables, Receivables from Lifespace Communities, Inc., Inventories, and Prepaid Insurance and Other	-	(421)	(281)	(390)	(927)	(1,078)	(15,677)	(338)	(1,364)	(178)	(495)	(1,460)	-	(22,609)	12,236	(10,373)
Accounts Payable and Accrued Liabilities	-	1,911	922	890	2,008	1,830	941	1,220	789	180	2,802	1,240	-	14,733	2,665	17,398
Net Cash Provided (Used) by Continued Operating Activities	7,690	9,052	13,653	3,257	15,982	9,039	16,609	(9,134)	231	(5,239)	9,180	10,960	3,404	84,684	13,119	97,803
Net Cash Used by Discontinued Operating Activities	(3,850)	-	-	-	-	-	-	-	-	-	-	-	-	(3,850)	(721)	(4,571)
Net Cash Provided (Used) by Operating Activities	3,840	9,052	13,653	3,257	15,982	9,039	16,609	(9,134)	231	(5,239)	9,180	10,960	3,404	80,834	12,398	93,232

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2025**  
**(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	\$ -	\$ (6,359)	\$ (5,711)	\$ (2,819)	\$ (12,477)	\$ (6,374)	\$ (8,663)	\$ (4,237)	\$ (6,483)	\$ (4,251)	\$ (37,690)	\$ (20,032)	\$ -	\$ (115,096)	\$ (11,761)	\$ (126,857)
Proceeds from Sale of Property and Equipment	48,079	-	-	-	-	-	-	-	-	-	-	-	-	48,079	-	48,079
Net Cash Used by Continued Investing Activities	48,079	(6,359)	(5,711)	(2,819)	(12,477)	(6,374)	(8,663)	(4,237)	(6,483)	(4,251)	(37,690)	(20,032)	-	(67,017)	(11,761)	(78,778)
Net Cash Used by Discontinued Investing Activities	(1,366)	-	-	-	-	-	-	-	-	-	-	-	-	(1,366)	-	(1,366)
Net Cash Used by Investing Activities	46,713	(6,359)	(5,711)	(2,819)	(12,477)	(6,374)	(8,663)	(4,237)	(6,483)	(4,251)	(37,690)	(20,032)	-	(68,383)	(11,761)	(80,144)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>																
Financing Costs Incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(38)	(38)
Advances from Line of Credit	-	307	(2,749)	(465)	1,344	1,454	608	663	372	523	5,354	1,891	-	9,302	-	9,302
Repayment of Long-Term Debt	(161)	(740)	(879)	(357)	(1,295)	(735)	(1,016)	(725)	(882)	(1,125)	(1,998)	(638)	-	(10,551)	(1,982)	(12,533)
Payments on Leases	-	(14)	(11)	(19)	131	(99)	(38)	(52)	(104)	(46)	(18)	(94)	-	(364)	(119)	(483)
Payments on Settlement	(1,078)	(882)	(1,051)	(493)	(1,137)	(1,091)	(1,362)	-	(1,183)	(860)	(834)	(942)	-	(10,913)	-	(10,913)
Proceeds from Refundable Entrance																
Fees and Deposits	-	752	3,770	10,217	15,773	6,078	7,279	8,081	14,041	17,995	1,232	3,297	-	88,515	13,006	101,521
Refunds of Refundable Entrance Fees	-	-	(5,463)	(6,803)	(15,397)	(6,237)	(9,971)	(6,284)	(6,537)	(6,255)	-	(5,481)	-	(68,428)	(12,484)	(80,912)
Contributions (to) from Lifespace Communities, Inc.	(26,439)	(87)	(536)	(318)	(479)	(410)	(517)	(231)	(564)	(343)	14,780	10,168	-	(4,976)	4,976	-
Net Cash Provided (Used) by Financing Activities	(27,678)	(664)	(6,919)	1,762	(1,060)	(1,040)	(5,017)	1,452	5,143	9,889	18,516	8,201	-	2,585	3,359	5,944
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	22,875	2,029	1,023	2,200	2,445	1,625	2,929	(11,919)	(1,109)	399	(9,994)	(871)	3,404	15,036	3,996	19,032
Cash, Cash Equivalents, and Restricted Cash Beginning of Year	1,652	3,085	5,417	1,929	7,590	6,532	22,313	36,130	8,764	7,808	17,888	8,104	12,868	140,080	27,754	167,834
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 24,527</u>	<u>\$ 5,114</u>	<u>\$ 6,440</u>	<u>\$ 4,129</u>	<u>\$ 10,035</u>	<u>\$ 8,157</u>	<u>\$ 25,242</u>	<u>\$ 24,211</u>	<u>\$ 7,655</u>	<u>\$ 8,207</u>	<u>\$ 7,894</u>	<u>\$ 7,233</u>	<u>\$ 16,272</u>	<u>\$ 155,116</u>	<u>\$ 31,750</u>	<u>\$ 186,866</u>

**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	1,569	1,235	253	682	1,269	12,158	632	1,354	487	769	1,735	-	24,831	(5,420)	19,411
Allowance for Credit Losses Receivable from Lifespace Communities, Inc.	(662)	(176)	(101)	(1)	(55)	(220)	(52)	(74)	(114)	4	(366)	(208)	-	(2,025)	(784)	(2,809)
Inventories	144	119	131	504	191	148	167	144	301	130	107	124	(861)	1,349	(1,349)	-
Prepaid Insurance and Other	-	34	65	37	91	59	68	39	69	60	72	75	-	669	53	722
Assets Whose Use is Limited - Current Assets Held for Sale	-	699	420	181	487	1,045	957	277	330	436	865	391	-	6,088	2,777	8,865
	467	672	944	366	1,895	1,443	887	1,073	3,369	1,261	2,377	1,133	-	15,887	7,932	23,819
	67,054	-	-	-	-	-	-	-	-	-	-	-	-	67,054	-	67,054
<b>Total Current Assets</b>	<b>35,008</b>	<b>(4,447)</b>	<b>12,250</b>	<b>11,453</b>	<b>38,231</b>	<b>1,380</b>	<b>60,928</b>	<b>12,459</b>	<b>28,093</b>	<b>51,366</b>	<b>(2,021)</b>	<b>(24,348)</b>	<b>32,117</b>	<b>252,469</b>	<b>8,888</b>	<b>261,357</b>
<b>ASSETS WHOSE USE IS LIMITED</b>																
Noncurrent	10,107	10,176	5,629	1,242	17,954	9,969	30,604	24,689	12,903	9,766	26,471	19,052	-	178,562	27,555	206,117
<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
<b>Subtotal</b>	<b>-</b>	<b>114,762</b>	<b>115,839</b>	<b>63,515</b>	<b>239,952</b>	<b>161,509</b>	<b>174,268</b>	<b>79,907</b>	<b>235,134</b>	<b>83,256</b>	<b>155,359</b>	<b>148,386</b>	<b>-</b>	<b>1,571,887</b>	<b>231,458</b>	<b>1,803,345</b>
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
<b>Net Property and Equipment</b>	<b>-</b>	<b>51,673</b>	<b>41,045</b>	<b>27,452</b>	<b>144,453</b>	<b>81,707</b>	<b>75,041</b>	<b>68,358</b>	<b>191,796</b>	<b>71,654</b>	<b>94,248</b>	<b>89,549</b>	<b>-</b>	<b>936,976</b>	<b>210,680</b>	<b>1,147,656</b>
<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
<b>Total Assets</b>	<b>\$ 45,115</b>	<b>\$ 57,901</b>	<b>\$ 59,533</b>	<b>\$ 40,639</b>	<b>\$ 202,114</b>	<b>\$ 93,842</b>	<b>\$ 167,780</b>	<b>\$ 135,553</b>	<b>\$ 258,674</b>	<b>\$ 139,201</b>	<b>\$ 119,782</b>	<b>\$ 85,278</b>	<b>\$ 32,117</b>	<b>\$ 1,437,529</b>	<b>\$ 295,108</b>	<b>\$ 1,732,637</b>

**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	\$ 1,350	\$ -	\$ 21,036	\$ 7,530	\$ 28,566
Lifespace Communities, Inc.	652	238	284	698	269	341	929	89	301	334	51	148	(141)	4,193	(4,193)	-
Accrued Liabilities:																
Employee Compensation Expense	1,179	928	1,003	441	1,362	925	1,412	806	1,915	943	912	988	-	12,814	12,046	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	4,416	12,420	6,061	22,753	10,167	9,446	3,358	14,191	5,929	11,060	7,081	(141)	119,037	37,038	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	55,608	108,460	72,199	307,769	157,437	192,744	147,749	348,315	189,006	129,918	162,478	(141)	1,945,426	308,953	2,254,379
<b>NET ASSETS</b>																
Without Donor Restrictions	(28,769)	2,293	(48,927)	(31,560)	(105,655)	(63,595)	(24,964)	(12,196)	(89,641)	(49,805)	(10,136)	(77,200)	32,258	(507,897)	(22,784)	(530,681)
With Donor Restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,939	8,939
Total Net Assets	(28,769)	2,293	(48,927)	(31,560)	(105,655)	(63,595)	(24,964)	(12,196)	(89,641)	(49,805)	(10,136)	(77,200)	32,258	(507,897)	(13,845)	(521,742)
Total Liabilities and Net Assets	\$ 45,115	\$ 57,901	\$ 59,533	\$ 40,639	\$ 202,114	\$ 93,842	\$ 167,780	\$ 135,553	\$ 258,674	\$ 139,201	\$ 119,782	\$ 85,278	\$ 32,117	\$ 1,437,529	\$ 295,108	\$ 1,732,637

**LIFESPACE, INC.**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**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>REVENUES</b>																
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	-	10,077	10,889	5,963	13,970	17,232	9,459	11,089	25,807	11,560	5,623	11,306	-	132,975	47,478	180,453
Skilled Nursing and Assisted Living Fees Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,288	1,288
Gain on Forgiveness of Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,139	1,139
<b>Total Revenues</b>	<b>-</b>	<b>25,171</b>	<b>32,366</b>	<b>15,971</b>	<b>41,589</b>	<b>36,412</b>	<b>42,071</b>	<b>24,398</b>	<b>47,678</b>	<b>29,464</b>	<b>23,403</b>	<b>30,902</b>	<b>-</b>	<b>349,425</b>	<b>81,903</b>	<b>431,328</b>
<b>EXPENSES</b>																
Operating Expenses:																
Salaries and Benefits	-	10,485	15,418	7,369	17,504	16,068	12,762	9,895	24,046	13,880	8,956	13,058	-	149,441	74,026	223,467
General and Administrative	-	7,686	7,266	2,911	8,657	8,146	10,194	4,388	9,406	5,097	7,406	7,401	-	78,558	(5,037)	73,521
Plant Operations	-	1,774	1,653	831	2,129	2,229	1,677	2,565	2,108	1,794	2,316	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	880	535	419	1,366	1,251	1,204	1,372	549	648	891	720	10,858	3,508	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
Change in Obligation to Provide Future Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	718	718
Loss on Swap Derivative	-	-	-	-	-	-	-	1,748	304	-	-	-	-	2,052	-	2,052
<b>Total Expenses</b>	<b>-</b>	<b>28,644</b>	<b>35,513</b>	<b>16,464</b>	<b>47,484</b>	<b>40,464</b>	<b>40,330</b>	<b>24,928</b>	<b>67,558</b>	<b>36,336</b>	<b>26,914</b>	<b>37,467</b>	<b>4,100</b>	<b>406,202</b>	<b>115,449</b>	<b>521,651</b>
<b>NONOPERATING INCOME (EXPENSE)</b>																
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)
<b>Total Nonoperating Income (Expense)</b>	<b>-</b>	<b>1,044</b>	<b>982</b>	<b>152</b>	<b>1,697</b>	<b>972</b>	<b>1,592</b>	<b>-</b>	<b>961</b>	<b>2,985</b>	<b>1,144</b>	<b>1,176</b>	<b>3,983</b>	<b>16,688</b>	<b>4,330</b>	<b>21,018</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES AND CONTINUING OPERATIONS</b>	<b>-</b>	<b>(2,429)</b>	<b>(2,165)</b>	<b>(341)</b>	<b>(4,198)</b>	<b>(3,080)</b>	<b>3,333</b>	<b>(530)</b>	<b>(18,919)</b>	<b>(3,887)</b>	<b>(2,367)</b>	<b>(5,389)</b>	<b>(117)</b>	<b>(40,089)</b>	<b>(29,216)</b>	<b>(69,305)</b>
<b>DISCONTINUED OPERATIONS</b>																
Loss from Operations of Discontinued Operations	(7,713)	-	-	-	-	-	-	-	-	-	-	-	-	(7,713)	(9,094)	(16,807)
Gain on Sale of Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,698	102,698
<b>Total Gain (Loss) on Discontinued Operations</b>	<b>(7,713)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,713)</b>	<b>93,604</b>	<b>85,891</b>
<b>OTHER CHANGES IN NET ASSETS</b>																
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	-
<b>CHANGES IN NET ASSETS (DEFICIT)</b>	<b>(10,515)</b>	<b>(4,680)</b>	<b>(4,729)</b>	<b>(1,641)</b>	<b>(6,301)</b>	<b>(5,930)</b>	<b>(302)</b>	<b>(2,027)</b>	<b>(21,978)</b>	<b>(6,862)</b>	<b>(4,356)</b>	<b>(7,920)</b>	<b>(1,332)</b>	<b>(78,573)</b>	<b>95,159</b>	<b>16,586</b>
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)
<b>NET ASSETS - END OF YEAR</b>	<b>\$ (28,769)</b>	<b>\$ 2,293</b>	<b>\$ (48,927)</b>	<b>\$ (31,560)</b>	<b>\$ (105,655)</b>	<b>\$ (63,595)</b>	<b>\$ (24,964)</b>	<b>\$ (12,196)</b>	<b>\$ (89,641)</b>	<b>\$ (49,805)</b>	<b>\$ (10,136)</b>	<b>\$ (77,200)</b>	<b>\$ 32,258</b>	<b>\$ (507,897)</b>	<b>\$ (13,845)</b>	<b>\$ (521,742)</b>

**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)	\$ (4,680)	\$ (4,729)	\$ (1,641)	\$ (6,301)	\$ (5,930)	\$ (302)	\$ (2,027)	\$ (21,978)	\$ (6,862)	\$ (4,356)	\$ (7,920)	\$ (1,332)	\$ (78,573)	\$ 95,159	\$ 16,586
Loss from Discontinued Operations	7,713	-	-	-	-	-	-	-	-	-	-	-	-	7,713	9,094	16,807
Adjustments to Reconcile Changes in Net Asset (Deficit) 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 (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	-	10	(317)	(234)	(1,187)	(592)	6,777	(484)	(1,432)	1,026	304	(908)	(137)	2,826	(34,206)	(31,380)
Accounts Payable and Accrued Liabilities	-	(582)	(1,123)	(196)	1,274	(2,185)	(1,283)	(256)	(12,890)	565	(731)	(285)	857	(16,835)	18,824	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 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 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>



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