CONTINUING DISCLOSURE REPORT
for the three months ended March 31, 2022

LIFESPACE
COMMUNITIES

OBLIGATED GROUP

Abbey Delray
Abbey Delray South
Beacon Hill
Claridge Court
Friendship Village of Bloomington
Friendship Village of South Hills
Harbour's Edge
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.

May 6, 2022

US Bank
Susan Heafner
Corporate Trust Dept.
Mail Code EX-FL-WWSJ
225 Water Street, Suite 700
Jacksonville, FL 32202

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

The undersigned, Senior Vice President and Chief Financial Officer for Lifespace Communities, Incorporated, hereby certifies that the attached financial statements for:

Lifespace Communities Obligated Group

Are complete, correct and fairly present the financial conditions and results of operations for the three months ended March 31, 2022, subject to the year-end audit adjustments.

LIFESPACE COMMUNITES, INC.

DocuSigned by:
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Nick Harshfield

Cc: Bankers Trust, Kristy Olesen

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

Overview:

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

The Corporation owned eleven CCRCs in six states that made up the Obligated Group. On August 1, 2021, the Corporation sold Grand Lodge at the Preserve (“Grand Lodge”) located in Lincoln, Nebraska.

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

The Obligated Group consists of the above communities. The financial information and covenants presented herein set forth the information for these communities. Prior period information has been restated to include Querencia and reclass Grand Lodge activity to discontinued operations.

The Corporation is the sole member of Northwest Senior Housing Corporation, d/b/a Edgemere (“Edgemere”) located in Dallas and Tarrant County Senior Living Center, Inc., d/b/a The Stayton at Museum Way (“The Stayton”) located in Ft. Worth. On July 1, 2021, Lifespace acquired Newcastle Place, LLC (“Newcastle Place”) located in Mequon, Wisconsin. Edgemere, The Stayton and Newcastle Place are separately financed and are not part of the Obligated Group.

The corporation was sole member of Deerfield Retirement Community, Inc. (“Deerfield”) a nonprofit organization that was organized to own and operate a CCRC in suburban Des Moines, Iowa. On August 1, 2021, Deerfield was sold to the same third party as Grand Lodge. Deerfield was separately financed and not part of the Obligated Group. While outside the Obligated Group, the Obligated Group had previously guaranteed certain outstanding long-term indebtedness of Deerfield. These guarantees were discharged in connection with the sale of Deerfield and the Obligated Group has no further outstanding long-term indebtedness or guarantee obligations with respect to Deerfield.

After the disposition of Grand Lodge and Deerfield, and including Edgemere, Newcastle and The Stayton, the Corporation and its affiliates operate 14 CCRCs in eight states from corporate offices located in West Des Moines, Iowa and Addison, Texas. References to the “Communities” herein are to the 11 CCRCs owned and operated by the Corporation that make up the Obligated Group.

Calendar year-end financial information for December 31, 2021 and prior is provided from audited financial statements. All other financial information is obtained from unaudited financial statements.

Summary of Units Operated per Community

	Independent Living Apartments	Villas, Carriage or Town Homes	Assisted Living	Health Center Private Room	Health Center Semi-Private Room	Memory Support	Total	CMS 5-Star Rating *
Abbey Delray	299	28	48	30	70	30	505	4
Abbey Delray South	240	44		28	46		358	5
Beacon Hill	372			26	84		482	5
Claridge Court	128			17	28		173	4
Friendship Village of Bloomington (1)	370	12	42	36	30	32	522	5
Friendship Village of South Hills	273	18	50	35	54	32	462	4
Harbour's Edge	266			50	4		320	5
Oak Trace	216	16	66	84	20	28	430	5
Querencia	157	10	40	38	4	23	272	5
The Waterford	248	25		30	30		333	3 **
Village on the Green	204	58	36	40	8	18	364	5
Total	2,773	211	282	414	378	163	4,221	

* The CMS 5-Star ratings are as of April 2022.

** Lifespace expects these ratings to go up when the next survey results are released.

<u>Change in units from December 31, 2021</u>

(1) Friendship Village of Bloomington has combined smaller apartments which reduced inventory by one in the first quarter 2022.

Lifespace Communities, Inc.

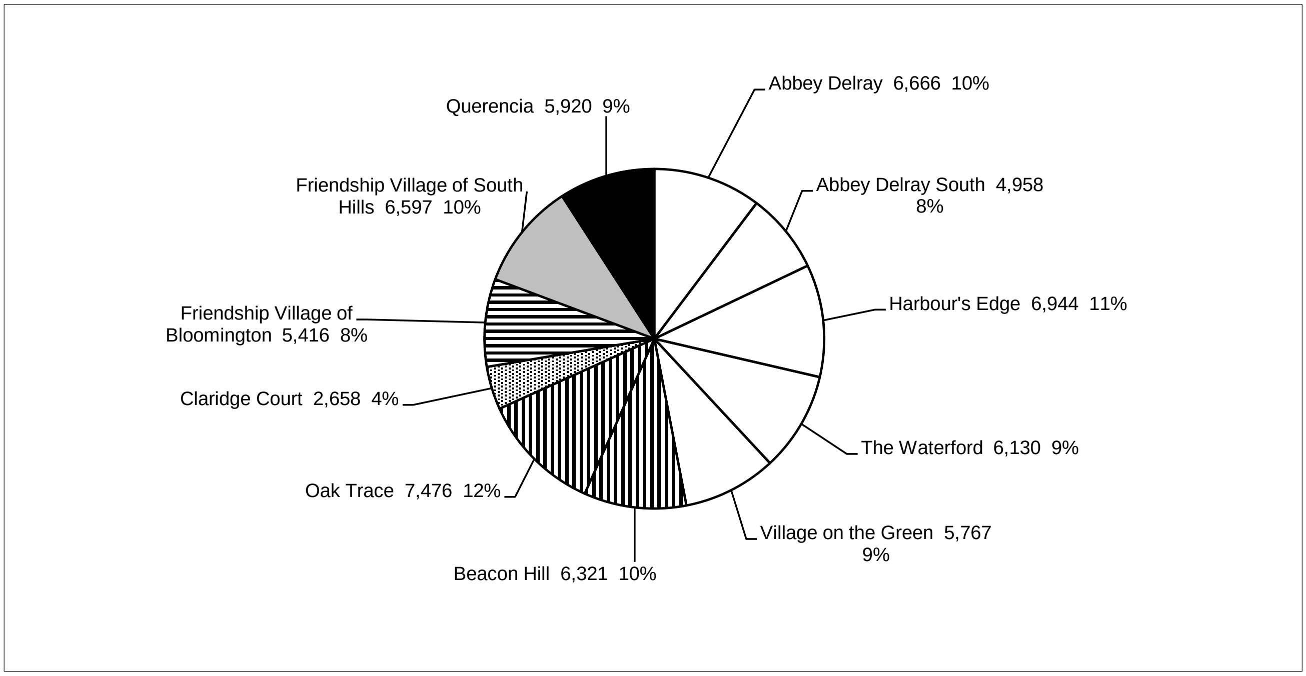
Average Occupancy of the Communities

	2019				**2020**				**2021**				**Twelve months ended March 31, 2022**			
Community	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL (a)	71.6%	88.1%	85.7%	N/A	67.6%	92.5%	59.8%	36.0%	60.1%	92.4%	74.1%	60.6%	59.9%	92.1%	77.3%	65.0%
Abbey Delray South, FL	80.6%	82.9%	N/A	N/A	76.0%	73.4%	NA	NA	66.3%	75.5%	NA	NA	65.7%	79.9%	NA	NA
Beacon Hill, IL	94.1%	92.7%	N/A	N/A	92.4%	91.5%	NA	NA	87.0%	89.6%	NA	NA	86.2%	88.0%	NA	NA
Claridge Court, KS	89.2%	89.6%	N/A	N/A	87.3%	82.0%	NA	NA	81.2%	89.3%	NA	NA	81.0%	93.3%	NA	NA
Friendship Village of Bloomington, MN (b)	96.3%	85.6%	86.8%	N/A	93.3%	82.0%	89.5%	NA	81.2%	79.6%	55.2%	91.6%	77.5%	81.1%	60.7%	91.3%
Friendship Village of South Hills, PA (c)	95.5%	94.4%	12.5%	20.0%	87.6%	81.2%	44.7%	63.8%	81.3%	76.6%	75.4%	90.0%	80.5%	77.5%	83.4%	93.8%
Grand Lodge, NE (d)	92.7%	N/A	90.0%	N/A	86.2%	NA	80.1%	NA	85.2%	NA	85.4%	NA	NA	NA	NA	NA
Harbour's Edge, FL	89.8%	91.7%	N/A	N/A	86.8%	92.4%	NA	NA	83.3%	92.3%	NA	NA	84.1%	92.4%	NA	NA
Oak Trace, IL (e)	88.6%	78.9%	72.1%	43.8%	83.6%	92.8%	83.2%	57.5%	86.2%	93.4%	64.8%	88.1%	85.8%	92.7%	68.3%	93.9%
Querencia, TX (f)	98.8%	92.4%	99.5%	97.4%	98.0%	82.9%	96.1%	83.3%	97.9%	81.3%	96.0%	90.1%	97.9%	85.2%	95.0%	92.6%
The Waterford, FL	90.0%	96.3%	N/A	N/A	86.8%	86.2%	NA	NA	79.5%	83.3%	NA	NA	78.3%	85.8%	NA	NA
Village on the Green, FL (g)	83.9%	93.3%	N/A	N/A	82.4%	80.0%	NA	NA	72.2%	78.2%	46.2%	72.6%	70.1%	83.1%	61.4%	78.3%
Obligated Group	88.3%	88.8%	79.5%	59.1%	85.0%	85.8%	75.2%	59.6%	78.7%	85.0%	69.7%	82.8%	77.7%	86.5%	74.3%	86.1%

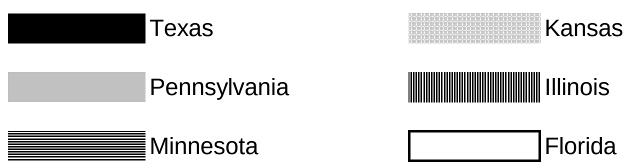
(a) The new assisted living and memory support opened in February 2020.
(b) The new assisted living and memory support opened in February 2021. The new apartments opened in July 2021.
(c) The new assisted living and memory support opened in November 2019.
(d) Grand Lodge was disposed as of August 1, 2021.
(e) The new health center, assisted living and memory support opened in June 2019.
(f) Querencia joined the Lifespace Obligated Group as of August 31, 2021 in conjunction of the Series 2021 financing. Lifespace affiliated with Querencia on June 20, 2019. Occupancy prior to this date is not reflected above.
(g) The new assisted living opened in March 2021. The memory support and new independent villas opened in April 2021. The replacement health center opened in May 2021.

	Three months ended March 31, 2021				**Three months ended March 31, 2022**			
	Living Units	Health Center	ALUs	Memory Support	Living Units	Health Center	ALUs	Memory Support
Abbey Delray, FL	61.5%	93.5%	67.9%	47.4%	60.7%	92.1%	87.6%	65.6%
Abbey Delray South, FL	68.2%	67.3%	NA	NA	65.4%	89.4%	NA	NA
Beacon Hill, IL	88.2%	90.8%	NA	NA	84.7%	84.2%	NA	NA
Claridge Court, KS	81.5%	78.9%	NA	NA	81.3%	95.1%	NA	NA
Friendship Village of Bloomington, MN	88.1%	78.4%	57.8%	86.4%	76.2%	84.3%	77.4%	87.5%
Friendship Village of South Hills, PA	83.8%	79.2%	56.4%	84.8%	80.7%	82.8%	93.2%	99.9%
Harbour's Edge, FL	84.2%	93.4%	NA	NA	87.5%	94.1%	NA	NA
Oak Trace, IL	87.0%	92.3%	62.9%	72.4%	85.4%	90.0%	77.8%	95.8%
Querencia, TX	97.7%	78.1%	96.8%	77.8%	97.7%	94.0%	94.9%	88.2%
The Waterford, FL	83.1%	81.0%	NA	NA	78.0%	91.6%	NA	NA
Village on the Green, FL	79.5%	65.6%	0.2%	NA	71.1%	90.3%	93.9%	96.9%
Obligated Group	81.2%	82.8%	63.9%	72.6%	77.8%	89.0%	86.6%	88.5%

Comparative Analysis of Gross Revenues
Three Months Ended March 31, 2022
($ 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 2019	Year-ended 2020	Year-ended 2021	Three Months Ended March 31, 2021	Three Months Ended March 31, 2022
Lifecare	15.1%	13.9%	11.6%	12.2%	11.4%
Private Pay	25.9%	24.5%	24.0%	23.2%	24.9%
Medicare	42.6%	44.6%	48.2%	48.1%	47.3%
Medicaid	10.9%	10.1%	8.5%	9.4%	7.1%
Other	5.6%	6.9%	7.8%	7.1%	9.3%
Total Patient Mix	100%	100%	100%	100%	100%
Year-To-Date Average Service Units Available	807	818	809	820	792
Year-To-Date Average Occupancy Percentage	88.8%	85.8%	85.0%	82.8%	89.0%

Lifespace Communities, Inc.
Obligated Group Balance Sheets
As of March 31 (Unaudited)
(Thousands of $)

	2022	**2021**
Assets		
Current Assets:		
Cash and Cash Equivalents	$16,724	$14,809
Investments	146,991	170,820
Accounts Receivable	11,363	11,716
Inventories	667	1,139
Prepaid Insurance & Other	5,339	2,594
Assets whose use is limited	111,174	53,804
Total Current Assets	292,258	254,882
Assets whose use is limited	83,904	86,446
Property and equipment, at cost:		
Land and improvements	71,115	68,735
Buildings and improvements	1,130,134	1,053,269
Furniture and equipment	86,015	80,050
	1,287,264	1,202,054
Less accum. deprec.	(546,206)	(493,210)
Net property and equipment	741,058	708,844
Net goodwill	40,301	46,396
Net deferred assets	1,804	1,104
Net intangible assets	10,472	11,941
Assets of discontinued operations, net	-	1,759
TOTAL ASSETS	$1,169,797	$1,111,372

Lifespace Communities, Inc.
Obligated Group Balance Sheets
As of March 31 (Unaudited)
(Thousands of $)

	2022	2021
Liabilities and net assets		
Current liabilities:		
Accounts payable:		
Trade	$10,877	$10,049
Intercompany	2,340	2,383
	13,217	12,432
Accrued liabilities:		
Employee compensation expense	11,899	9,509
Interest	8,842	8,600
Property taxes	3,147	2,337
Other	4,066	3,199
	27,954	23,645
Entrance fee refunds	4,029	4,895
Reserve for health center refunds	27,536	27,702
Long-term debt due within one year	13,890	11,217
Obligation under cap lease due within one yr	643	796
Total current liabilities	87,269	80,687
Entrance fee deposits	7,577	12,075
Wait list deposits	1,307	2,302
Long-term debt due after one year	566,987	510,472
Obligation under cap lease due after one year	458	1,085
Deferred entrance fees	167,222	144,792
Refundable entrance and membership fees	517,748	457,959
Total liabilities	1,348,568	1,209,372
Net assets without donor restrictions	(178,771)	(98,000)
TOTAL LIABILITIES AND NET ASSETS	$1,169,797	$1,111,372

Lifespace Communities, Inc.
Obligated Group Statements of Operations and Changes in Unrestricted Assets
For the Three Months Ended March 31 (Unaudited)
(Thousands of $)

	2022	2021
Revenues		
Independent Living Fees	$33,748	31,543
Entrance fees earned/cancellation penalties	9,261	7,148
Skilled nursing, assisted living and memory support fees	31,287	27,107
Investment Income (Expense)	(9,443)	9,591
Other	-	1,038
	64,853	76,427
Expenses		
Operating expenses:		
Salaries and benefits	34,877	28,555
General and administrative	18,275	15,481
Plant operations	4,659	3,939
Housekeeping	292	296
Dietary	5,646	4,898
Medical and other resident care	4,394	2,282
Depreciation	13,017	12,194
Amortization	2,875	1,950
Interest	4,866	3,506
Loss on disposal of fixed assets	5	61
	88,906	73,162
(Deficit) Excess of revenues over expenses from continuing operations	(24,053)	3,265
Discontinued operations		
Gain from operations of discontinued operations	-	828
Contributions to Lifespace Communities, Inc.	(474)	(377)
Changes in net assets	(24,527)	3,716
Net assets at beginning of year	(154,244)	(101,716)
Net assets at end of the period	($178,771)	($98,000)

Lifespace Communities, Inc.
Obligated Group Statements of Cash Flow
For the Three Months Ended March 31 (Unaudited)
(Thousands of $)

	2022	2021
Operating activities		
Changes in unrestricted net assets	($24,527)	$3,716
Adjustments to reconcile changes in net asset to net cash provided in operating activities:		
Entrance fees earned	(9,261)	(7,148)
Proceeds from nonrefundable entrance fees and deposits	10,877	4,502
Refunds of entrance fees	(58)	(1,655)
Depreciation and Amortization	15,892	14,144
Amortization of Financing Costs	156	170
Net accretion of original issue premium/discounts	(501)	(301)
Change in unrealized appreciation of investments	10,014	(9,128)
Net sales of trading investments	8,484	14,019
Contributions to Lifespace Communities, Inc.	474	377
Loss on disposal of property and equipment	5	61
Change in wait lists and deposits	1,795	635
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	752	2,719
Accounts payables and accrued liabilities	(3,831)	(4,057)
Net cash provided in operating activities	10,271	18,054
Investing activities		
Purchases of property and equipment	(12,813)	(14,207)
Financing activities		
Repayment of long-term debt	(890)	(1,155)
Proceeds from line of credit	2,074	856
Contributions to Lifespace Communities, Inc.	(474)	(377)
Payments on Finance Leases	(99)	(97)
Proceeds from refundable entrance fees and deposits	13,320	5,954
Refunds of entrance fees	(15,087)	(11,412)
Net cash used in financing activities	(1,156)	(6,231)
Net decrease in cash and cash equivalents	(3,698)	(2,384)
Cash and cash equivalents at beginning of year	20,422	17,193
Cash and cash equivalents at end of period	$16,724	$14,809

During the three months ended March 31, 2021, Grand Lodge provided $652 to the Obligated Group's net operating cash flows, paid $109 in respect of investing activities and paid $217 in respect of financing activities.

Three Months Ended March 31, 2022 versus Three Months Ended March 31, 2021:

The average year-to-date independent living occupancy through March 31, 2022, was 2,323 independent living homes (77.8% of the 2,984 average available homes). The average year-to-date occupancy, excluding Grand Lodge which is disclosed as a discontinued operations, through March 31, 2021 was 2,351 independent living homes (81.2% of the 2,895 average available homes). The increase in average available homes from March 31, 2021 to the same period in 2022 is due to opening independent living apartments at two communities to support the redevelopment efforts discussed under Liquidity and Capital Requirements. There were four communities that combined smaller apartments.

Revenues from independent living monthly fees and related charges amounted to $33,748,000 in 2022, a 7.0% increase over the $31,543,000 from the same revenue sources in 2021. Monthly fees increased in the range of 3.8% to 6.0% on January 1, 2022. In addition, there were more processing fees due to more closings in the three months ended March 31, 2022 than the same period in the prior year.

Revenues from the health center, assisted living, and memory support fees were $31,287,000 in 2022 compared to $27,107,000 in 2021, an increase of 15.4%. This increase is the result of the monthly fee increases effective January 1, 2022 and the occupancies related to the completion and openings of the redevelopment projects. The Friendship Village of Bloomington redevelopment project opened in February of 2021. This added assisted living and memory support rooms while eliminating boarding care. The Village on the Green redevelopment project opened at the end of March of 2021. This added assisted living rooms. In addition, Village on the Green opened memory support in April of 2021 and the replacement health center in May of 2021. The monthly fee increases that started January 1, 2022 range from 2.7% to 6.1%.

During the first quarter of 2021, the Obligated Group received a total of $1,038,000. The funds received were from the Department of Health and Human Services in infection quality control payments and relief under the CARES Act’s Public Health and Social Services Relief Fund. The Department of Health and Human Services continues to update guidance regarding the distribution of these funds.

Total operating expenses, excluding depreciation, amortization, interest expense, and loss on disposal of property were $68,143,000 in 2022, an increase of $12,692,000 or 22.9% from comparable expenses of $55,451,000 in 2021. Salaries and benefits increased $6,322,000 or 22.1% as the result of wage increases for culinary, nursing and housekeeping team members that took effect November 1, 2021 and for all remaining team members that took effect January 1, 2022. General and administrative expense increased $2,794,000 or 18.1% as a result of additional reserves for legal claims. Plant expense increased $720,000 or 18.3% due to higher costs in repairs and maintenance and utilities. Dietary costs increased $748,000 or 15.3% due to higher raw food costs. Medical and other resident care increased $2,112,000 or 92.6%, which is the result of increased occupancy, the opening of the redevelopment projects at Friendship Village of Bloomington and Village one the Green and agency. Agency costs were $2,692,000 in 2022 compared to $901,000 in 2021.

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities.

COVID-19 is impacting each of the communities in the Obligated Group at different levels which change on a daily basis. At any point in time, a given community can experience a resident or team member with a positive COVID-19 test. Lifespace has established protocols to comply with all federal, state and local requirements. Any suspected COVID-19 cases are subject to self-isolation and monitored. All communities have seen an increase in costs for personal protection equipment and inventories of these supplies have been increased in anticipation of their continued need. Where cases have been identified, there have also been additional compensation plans for team members put in place.

The number of COVID-19 positive results across the Obligated Group has ranged from zero to 140 at any single community on a given day. As of the date of this disclosure, there are 73 positive resident case.

Three Months Ended March 31, 2022 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.

(in thousands)	**Actual**	**Budget**	**Favorable/ (Unfavorable)**
Revenues			
Independent Living Fees	$33,748	$33,373	$375
Skilled nursing, assisted living and memory support fees	31,287	30,044	1,243
	65,035	63,417	1,618
Expenses			
Operating expenses:			
Salaries and benefits	34,877	35,571	694
General and administrative	18,275	16,491	(1,784)
Plant operations	4,659	4,300	(359)
Housekeeping	292	333	41
Dietary	5,646	5,510	(136)
Medical and other resident care	4,394	1,678	(2,716)
	68,143	63,883	(4,260)
Net operating margin	(3,108)	(466)	(2,642)
Net entrance fees, including initial entrance fees	9,052	(7,857)	16,909
Capital expenditures, financed with bond proceeds	2,027	23,394	21,367
Capital expenditures, routine	10,786	15,713	4,927

Net operating margin is unfavorable to budget by $2,642,000.

Independent living fees are favorable to budget by $375,000, which is due to more processing fees from closings. The budget for the three months ended March 31, 2022 had 33 closings compared to the actual closings of 59.

Skilled nursing, assisted living and memory support fees are favorable to budget by $1,243,000 due to higher occupancy than budgeted. The health center budgeted an average year to date occupancy of 87.7% and has actual occupancy of 89.0%. Assisted Living budgeted an average year to date occupancy of 81.6% and has actual occupancy of 86.6%. Memory Support budgeted an average year to date occupancy of 87.9% and has actual occupancy of 88.5%.

Salaries and benefits are $694,000, or 2.0%, favorable to budget due to open positions.

General and administrative expense is unfavorable to budget by $1,784,000, or 10.8%, as a result of continued COVID costs and additional reserves for legal claims that were not budgeted.

Plant operations expense is unfavorable to budget by $359,000, or 8.3%, as a result of higher utilities than budgeted.

Dietary expense is unfavorable to budget by $136,000, or 2.5%, as a result of higher raw food costs than budgeted.

Medical and other resident care expense is unfavorable to budget by $2,716,000, or 161.9%, as a result of higher use of agency than budgeted. Year to date agency costs for 2022 are $2,691,000, which were not budgeted.

Net entrance fees are favorable to budget by $16,909,000. As mentioned earlier, the budget for the three months ended March 31, 2022 had 33 closings compared to the actual closings of 59. Net entrance fees were budgeted to have more in refunds at the beginning of the year for closings that happened in the previous year than occurred.

Capital expenditures financed with bond proceeds are approximately $21,367,000 less than budgeted. This is the result of timing. Approximately $4,927,000 less was spent on routine capital expenditures than budgeted.

Ratios:

The Net Operating Margin Ratio decreased from 7.1% at March 31, 2021 to (4.8%) at March 31, 2022 which is below the benchmark of 6.5%. The Net Operating Margin, Adjusted Ratio decreased from 2.8% at March 31, 2021 to 1.3% at March 31, 2022 which is below the benchmark of 22.5%. The annual debt service coverage ratio decreased from 0.3 times at March 31, 2021 to 0.2 times at March 31, 2022, which is below the benchmark of 2.5 times. The Net Operating Margin, Adjusted and the Debt Service Coverage Ratio are impacted by the increase in net entrance fees. Further details on net entrance fees is stated in the Liquidity and Capital Requirements section below.

Investment income decreased when comparing the three months ended March 31, 2022 to the same period in 2021. Excluding the unrealized gain/loss, investment income represents a decrease of $670,000, which impacts the debt service coverage ratio in a negative manner. However, that decrease is offset by the increase in entrance fees. The following chart shows the components of investment income in thousands of dollars.

	March 31, 2022	March 31, 2021
Interest and Dividend Income	$1,177	$1,007
Realized Gain/(Loss)	(606)	234
Unrealized Gain/(Loss)	(10,014)	8,350
Total	($9,443)	$9,591

The Adjusted Debt to Capitalization increased from 91.8% at March 31, 2021 to 102.0% at March 31, 2022. Both periods are above the benchmark of 54.0%.

Liquidity and Capital Requirements – Three Months Ended March 31, 2022 versus Three Months Ended March 31, 2021:

Cash proceeds from entrance fees and deposits (refundable and non-refundable), net of refunds, were $9,052,000 including initial entrance fees for the three months ended March 31, 2022 compared to ($2,611,000) for the same period in 2021. The number of reoccupancies increased to 59 in the three months ended March 31, 2022 from 26 reoccupancies in the three months ended March 31, 2021. There were initial entrance fees at two communities of $5,019,000 in the three months ended March 31, 2022.

Daily operating expenses for 2022 increased to $809,000 from $652,000 in 2021, an increase of 24.1%. The overall unrestricted cash position decreased from $219,340,000 at March 31, 2021 to $196,198,000 at March 31, 2022, a change of 10.6%. The Days Cash on Hand Ratio decreased from 336 days at March 31, 2021 to 243 days at March 31, 2022.

Capital expenditures for the communities for the three months ended March 31, 2022 were $12,813,000, while depreciation expense for the same period was $13,017,000. The remaining redevelopment projects mentioned below account for $2,027,000 of this year-to-date 2022 expenditure balance. Capital expenditures for the communities for the three months ended March 31, 2021 were $14,207,000, while depreciation expense for the same period was $12,194,000. As stated below, the five redevelopment projects account for $9,477,000 of this year-to-date 2021 expenditure balance.

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, 2021 is 167% which is higher than the range as a result of the redevelopment projects. The redevelopment projects are mostly funded with long-term debt and internal cash. Routine capital projects are expected to be funded from internal cash flows.

On August 1, 2021 Lifespace sold Grand Lodge to a third party. The proceeds from this sale were used to pay outstanding bonds of $13,956,000.

Lifespace Communities completed tax-exempt bond financings in 2016, 2018, and 2019 of which the proceeds support five redevelopment construction projects. On August 31, 2021, Lifespace completed the fourth and final bond financing to assist in the completion of five redevelopment projects. Lifespace received proceeds from issuing $120.4 million of Series 2021 bonds. The bonds sold at a premium generating $132.5 million of proceeds. The proceeds from these bonds will pay redevelopment costs of $85.0 million at Friendship Village of Bloomington and Oak Trace, fund cost of issuance of $2.4 million and funded interest of $5.9 million. In addition, several communities are receiving proceeds to assist with community projects. The Series 2010 bonds were refinanced with the issuance of the Series 2021 financing.

Initial entrance fees collected at two of the redevelopment communities have been used to pay down the Series 2019A-2 debt issuance. As of December 15, 2021, the principal amount of $26,850,000 has been fully retired.

Lifespace has secured a line of credit with a bank for $25 million to support the redevelopment efforts. The line of credit is to be used for the redevelopment projects when bond project funds are depleted and prior to the issuance of additional bonds as described below. The terms and covenants of the line of credit follow the master trust indenture. As of March 31, 2022, $8.5 million has been drawn on this line of credit for various projects.

Two of the communities are in the process of significant construction at December 31, 2021. There were five construction projects of which three construction projects were completed and opened in 2020 and one in 2021. All five of the communities with improvements used and are using proceeds of the Series 2016, Series 2018, Series 2019, and Series 2021 Bonds. As with any construction project, the timing of expenditures and the project budget can change through the passage of time or as the project advances in development. The monthly Redevelopment Project Status Report filed on EMMA provides additional details regarding the construction projects.

The Board previously approved a project at The Waterford which is being redesigned to better suit the local market. A revised concept and capital budget will be reviewed by the Lifespace Board in 2022. The line of credit has been used to fund pre-construction of approximately $8.5 million for the Waterford.

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 listed above, that the scope will not be materially altered or that additional Communities will not be added.

On August 3, 2021, Fitch affirmed its rating for the outstanding revenue bonds of Lifespace at ‘BBB’ with a stable outlook.

In conjunction with the acquisition of The Stayton in June 2019, Lifespace provided a Liquidity Support Agreement (“LSA”) to the Stayton trustee. Pursuant to the LSA, Lifespace made a deposit of $3,000,0000 to be held by the Stayton trustee in a liquidity support account. This was funded from sources other than the Obligated Group. Lifespace has an unfunded commitment in the amount of up to $3,000,000 which may be drawn upon in accordance with the LSA. This $3,000,000 would likely come from the Obligated Group, if needed.

In conjunction with the acquisition of Newcastle Place on July 1, 2021, Lifespace made an $8,000,000 equity contribution and provided a Liquidity Support Agreement for the Newcastle Place long-term indebtedness which is currently outstanding in the aggregate principal amount of approximately $5,000,000. At March 31, 2022 the Liquidity Support Agreement remains unfunded. Lifespace also holds approximately $8,000,000 million of subordinated bonds issued by Newcastle Place.

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 $)

	Three Months Ended March 31 (Unaudited)		Year Ended December 31 (Audited)		
Historical Debt Service Coverage	**2022**	**2021**	**2021**	**2020**	**2019**
Excess (deficit) of revenues over expenses	(24,053)	3,265	(32,081)	(7,071)	(57)
Less:					
Entrance fees earned	(9,261)	(7,148)	(29,802)	(31,694)	(30,468)
Initial redevelopment entrance fee and/or redevelopment deposits	(5,020)	-	(41,862)	1,290	(7,653)
Add:					
Depreciation	13,017	12,194	52,224	47,028	43,778
Amortization	2,875	1,950	12,225	15,873	6,609
Interest Expense	4,866	3,506	17,468	14,781	7,595
Expenses paid by long-term debt issuances	223	291	1,719	1,273	2,305
Unrealized (gain) loss on securities	10,014	(9,128)	(14,953)	(3,298)	(15,243)
Realized loss on sale of assets	5	61	12	616	2,923
Loss on extinguishment of debt	-	-	214	-	-
Entrance fee proceeds (less refunds)	9,052	(2,611)	96,292	15,215	48,353
Income available for debt service	1,718	2,380	61,456	54,013	58,142
Annual debt service payment	27,717	27,213	27,213	25,926	20,372
Annual debt service coverage (b)(c)(d)	0.2	0.3	2.3	2.1	2.9
Maximum annual debt service payment	34,748	34,748	34,748	32,614	31,917
Maximum annual debt service coverage (d)	0.2	0.3	1.8	1.7	1.8
Cash to Debt					
Unrestricted cash and investments (a)	196,198	219,340	214,073	212,456	194,906
Debt service reserve fund	32,654	36,649	34,245	37,847	37,867
	228,852	255,989	248,318	250,303	232,773
Bonds outstanding long-term	566,987	510,472	567,332	510,743	519,389
Annual debt service	27,717	27,213	27,213	25,926	20,372
Maximum annual debt service	34,748	34,748	34,748	32,614	31,917
Ratio of total unrestricted cash & investments with debt service reserve to bonds outstanding	0.4	0.5	0.4	0.5	0.4
Ratio of total unrestricted cash & investments with debt service reserve to annual debt service	8.3	9.4	9.1	9.7	11.4
Ratio of total unrestricted cash & investments with debt service reserve to maximum annual debt service	6.6	7.4	7.1	7.7	7.3
Department operating expenses (excluding expenses paid by long-term debt issuances) plus interest	72,786	58,666	259,866	236,958	219,134
Daily expenses	809	652	712	647	600
Days of unrestricted cash & investments on hand (b)(c)(d)	243	336	301	328	325
Other Ratios					
Net operating margin (c)(d)	-4.8%	7.1%	0.8%	7.5%	2.1%
Net operating margin, adjusted (c)(d)	1.3%	2.8%	18.8%	13.4%	17.5%
Adjusted debt to capitalization (c)(d)	102.0%	91.8%	98.2%	91.7%	88.0%

(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%.