

QUARTERLY REPORT
for the period of July 19, 2022 through December 31, 2022

CMW Obligated Group

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

A Lifespace Community

March 2, 2023

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

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

This certificate is being delivered with respect to the following (each, “Testing Period”): Fiscal Quarter ended December 31, 2022.

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

(a) Liquidity Requirement

Unrestricted Cash and Marketable Securities	139,944
Support Amount (A)	7,412
Other Guarantee Requirement (B)	-
Liquidity Requirement (A+B)	7,412

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

(b) Additional Information. Additional information about the Support Provider is available on EMMA under the CUSIP numbers associated with the Series 2022 Bonds.

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



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

(a) Debt Service Coverage Ratio

Net Revenues Available for Debt Service (A)	9,121
Maximum Annual Debt Service (B)	7,000
Debt Service Coverage Ratio (A/B)	1.3

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

Note: the first testing date is December 31, 2024.

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

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

In order to meet the Debt Service Coverage Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period?

Yes No

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

(b) Days Cash on Hand Requirement

Unrestricted Cash and Marketable Securities (A)	6,050
Operating Expenses	23,564
Less:	
Depreciation	(2,753)
Amortization	(3,103)
Total Operating Expenses (B)	17,708
Days Cash on Hand Ratio (A to B/365 or 366)	56

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

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

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



In order to meet the Days Cash on Hand Ratio requirement, did the Obligated Group receive any contributions under the Support Agreement during the Testing Period?

Yes No

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

(c) Occupancy (CMW Obligated Group)

Total Number of Units in the Facilities (A)	695
Average Number of Occupied Units (B)	633
Occupancy Percentage (B/A)	91%

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

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

If yes, attach agreement.

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

If yes, please attach.

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

Interest Paid: \$


Principal Paid: \$

The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the period of July 19, 2022 through December 31, 2022, subject to the year-end audit adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.



In witness whereof, I have hereunto set my hand, this 2nd day of March, 2023.


LIFESPAC COMMUNITES, INC.

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Senior Vice President & CFO

MEADOW LAKE, LLC

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Treasurer



CMW Obligated Group

Apartments/Units Available

	Independent Living Apartments	Independent Living Cottages	Assisted Living	Memory Support	Skilled Nursing	Total
The Craig	108	65	40	-	95	308
Meadow Lake	80	41	20	34	30	205
Wesley Court	81	52	19	-	30	182
Total CMW Obligated Group	269	158	79	34	155	695

Average Occupancy

Period of July 19, 2022 through December 31, 2022

	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.3%	83.0%	94.6%	N/A
Meadow Lake	99.6%	88.3%	95.1%	59.0%
Wesley Court	94.2%	87.8%	94.5%	N/A
Total CMW Obligated Group	95.4%	85.0%	94.7%	59.0%

Three-Month Period of October 1, 2022 through December 31, 2022

	Occupied	Available	Occupancy %
The Craig	278	308	90.1%
Meadow Lake	187	205	91.3%
Wesley Court	168	182	92.5%
Total CMW Obligated Group	633	695	91.1%

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

	2022
Assets	
Current Assets:	
Cash and Cash Equivalents	\$0
Accounts Receivable	4,663
Inventories	42
Prepaid Insurance & Other	476
Assets whose use is limited	14,745
Total Current Assets	<u>19,926</u>
Assets whose use is limited	4,715
Property and equipment, at cost:	
Land and improvements	96,400
Buildings and improvements	1,478
Furniture and equipment	5,106
	<u>102,984</u>
Less accum. deprec.	<u>(2,753)</u>
Net property and equipment	100,231
Net goodwill	33,134
Net intangible assets	14,592
TOTAL ASSETS	<u><u>\$172,598</u></u>

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

2022

Liabilities and net assets

Current liabilities:

Accounts payable:

Trade	\$1,064
Intercompany	613
	<u>1,677</u>

Accrued liabilities:

Employee compensation expense	312
Interest	3,181
Property taxes	954
Other	682
	<u>5,129</u>

Total current liabilities 6,806

Entrance fee deposits	592
Wait list deposits	108
Long-term debt due after one year	119,254
Deferred entrance fees	3,560
Refundable entrance and membership fees	37,804
Total liabilities	<u>168,124</u>

Net assets without donor restrictions 4,474
TOTAL LIABILITIES AND NET ASSETS \$172,598

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
For the Period of July 19 through December 31 (Unaudited)
(Thousands of \$)

	2022
Revenues	
Independent Living Fees	\$7,174
Entrance fees earned/cancellation penalties	436
Skilled nursing, assisted living and memory support fees	9,339
Investment Income	155
	<u>17,104</u>
Expenses	
Operating expenses:	
Salaries and benefits	8,500
General and administrative	2,917
Plant operations	2,005
Dietary	806
Medical and other resident care	54
Depreciation	2,753
Amortization	3,103
Interest	3,426
Loss on Investment	166
	<u>23,730</u>
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(Deficit) of revenues over expenses from continuing operations	(6,626)
Contributions from Lifespace Communities, Inc.	<u>11,100</u>
Changes in net assets	4,474
Net assets at beginning of year	-
Net assets at end of the period	<u><u>\$4,474</u></u>

CMW Obligated Group
Statements of Cash Flow
For the Period of July 19 through December 31 (Unaudited)
(Thousands of \$)

2022

Operating activities

Changes in unrestricted net assets	\$4,474
Adjustments to reconcile changes in net asset to net cash used in operating activities:	
Entrance fees earned	(436)
Proceeds from nonrefundable entrance fees and deposits	320
Depreciation and Amortization	5,856
Amortization of Financing Costs	244
Change in unrealized appreciation of investments	(16)
Net sales of trading investments	(19,444)
Contributions to Lifespace Communities, Inc.	(11,100)
Change in wait lists and deposits	700
Loss on Investment	166
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	(5,135)
Accounts payables and accrued liabilities	6,806
Net cash used in operating activities	<u>(17,565)</u>

Investing activities

Purchases of property and equipment	(113,978)
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Financing activities

Financing cost incurred	(2,980)
Proceeds from New Financing	121,990
Contributions to Lifespace Communities, Inc.	11,100
Proceeds from refundable entrance fees and deposits	3,100
Refunds of entrance fees	(1,667)
Net cash provided in financing activities	<u>131,543</u>
Net decrease in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of period	<u><u>\$0</u></u>

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

	Period of July 19 through December 31 (Unaudited) 2022
Historical Debt Service Coverage	
Excess (deficit) of revenues over expenses	(6,626)
Less:	
Entrance fees earned	(436)
Add:	
Depreciation	2,753
Amortization	3,103
Interest Expense	3,426
Unrealized (gain) loss on securities	(16)
Loss on extinguishment of debt	166
Entrance fee proceeds (less refunds)	1,753
Income available for debt service	4,123
Annual debt service payment	7,000
Annual debt service coverage (a)(b)(c)	1.3
Annual debt service coverage covenant (d)	N/A
 Days Cash on Hand	
Unrestricted cash and investments	-
Working Capital	2,120
Funded Interest	3,930
Unrestricted Cash and Marketable Securities	6,050
Department operating expenses plus interest	17,708
Daily expenses	107
Days of unrestricted cash & investments on hand (a)(b)(c)	56
Days of unrestricted cash & investments on hand covenant (e)	60
 Occupancy	
Average three month occupancy as of period end (f)	91.1%
Occupancy covenant	80.0%
 Other Ratios	
Net operating margin (b)(c)	13.5%
Net operating margin, adjusted (b)(c)	21.8%
Adjusted debt to capitalization (b)(c)	93.7%

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

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

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

(d) The annual debt service coverage ratio's first testing date is December 31, 2024 and must be at least 1.15x.

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

(f) The occupancy covenant must be met each quarter. The occupancy calculation represents a three-month average for all levels of living.

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

	2022
Revenues	
Independent Living Fees	\$3,980
Entrance fees earned/cancellation penalties	436
Skilled nursing, assisted living and memory support fees	5,272
Investment Income	125
	<u>9,813</u>
 Expenses	
Operating expenses:	
Salaries and benefits	4,825
General and administrative	1,725
Plant operations	1,070
Dietary	452
Medical and other resident care	33
Depreciation	1,387
Amortization	2,176
Interest	1,896
Loss on Investment	166
	<u>13,730</u>
Changes in net assets	<u>(3,917)</u>
Net assets at beginning of period	<u>8,391</u>
Net assets at end of the period	<u><u>\$4,474</u></u>