

QUARTERLY REPORT
for the six months ended June 30, 2023

CMW Obligated Group

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

A Lifespace Community

August 10, 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 June 30, 2023.

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	134,430
Support Amount (A)	7,412
Other Guarantee Requirement (B)	-
Liquidity Requirement (A+B)	7,412

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

(b) Additional Information. Additional information about the Support Provider is available on EMMA under the CUSIP numbers associated with the Series 2022 Bonds. Other Liquidity Support Agreements total \$13,000,000

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



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

(a) Debt Service Coverage Ratio

Net Revenues Availabe for Debt Service (A) *	6,555
Maximum Annual Debt Service (B)	7,878
Debt Service Coverage Ratio (A/B)	0.83
Covenant Requirement (not until 12/31/24)	N/A
* Calculated on a rolling twelve months	

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

Note: the 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)	6,390
Operating Expenses *	40,162
Less:	
Depreciation (Op. expenses do not include Depr.)	-
Amortization (Op. expenses do not include Amort.)	-
Total Operating Expenses (B)	40,162
Days Cash on Hand Ratio (A to B/365 or 366)	58
Covenant Requirement (not until 8/31/23)	N/A
Amount drawn on working capital to meet DCOH	N/A
* Calculated on a rolling twelve months	

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

Note: the next testing date will be August 31, 2023.

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

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

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

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

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

	IL	HC	ALU	MS	All levels of living
The Craig	89.0%	78.7%	97.5%	N/A	
Meadow Lake	98.3%	66.7%	100.0%	64.7%	
Wesley Court	95.5%	86.7%	94.7%	N/A	
CMW Obligated Group	93.7%	77.9%	97.5%	64.7%	89.3%
Covenant Requirement					80.0%

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

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

If yes, attach agreement.

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

If yes, please attach.

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

Interest Paid: \$-

Principal Paid: \$ -

The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the six months ended June 30, 2023, subject to the year-end audit

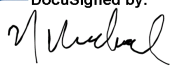


adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.

There are no board meetings or consents in lieu thereof the quarter ended June 30, 2023.

In witness whereof, I have hereunto set my hand, this 10th day of August, 2023.


LIFESPACE COMMUNITES, INC.

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Senior Vice President & CFO

MEADOW LAKE, LLC

DocuSigned by:

0FBD63BFF8124CA...

Nick Harshfield

Treasurer



CMW Obligated Group

Apartments/Units Available

	Independent Living Apartments	Independent Living Cottages	Assisted Living	Memory Support	Skilled Nursing	Total
The Craig	108	65	40	-	89	302
Meadow Lake	80	41	20	34	30	205
Wesley Court	81	52	19	-	30	182
Total CMW Obligated Group	269	158	79	34	149	689

Average Occupancy

Period of July 19, 2022 through December 31, 2022

	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.3%	88.6%	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%	88.4%	94.7%	59.0%

For the Six Months Ended June 30, 2023

	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	88.5%	81.3%	98.1%	N/A
Meadow Lake	97.0%	79.6%	90.9%	66.0%
Wesley Court	91.7%	83.6%	95.3%	N/A
Total CMW Obligated Group	91.9%	81.4%	95.6%	66.0%

CMW Obligated Group
Balance Sheet
As of June 30 (Unaudited)
(Thousands of \$)

	2023
Assets	
Current Assets:	
Cash and Cash Equivalents	\$1,557
Accounts Receivable	1,865
Inventories	42
Prepaid Insurance & Other	166
Assets whose use is limited	13,310
Total Current Assets	<u>16,940</u>
Assets whose use is limited	4,791
Property and equipment, at cost:	
Land and improvements	8,976
Buildings and improvements	90,381
Furniture and equipment	5,152
	<u>104,509</u>
Less accum. deprec.	(4,613)
Net property and equipment	<u>99,896</u>
Net goodwill	31,364
Net deferred assets	17
Net intangible assets	13,742
TOTAL ASSETS	<u><u>\$166,750</u></u>

**CMW Obligated Group
Balance Sheet
As of June 30 (Unaudited)
(Thousands of \$)**

2023

Liabilities and net assets

Current liabilities:

Accounts payable:

Trade	\$1,928
Intercompany	273
	<hr/> 2,201

Accrued liabilities:

Employee compensation expense	940
Interest	3,207
Property taxes	795
Other	107
	<hr/> 5,049

Entrance fee refunds	396
Long-term debt due within one year	880
	<hr/>

Total current liabilities 8,526

Entrance fee deposits	61
Wait list deposits	124
Long-term debt due after one year	118,645
Deferred entrance fees	3,615
Refundable entrance and membership fees	39,348
	<hr/>
Total liabilities	170,319

Net assets without donor restrictions (3,569)

TOTAL LIABILITIES AND NET ASSETS \$166,750

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
For the Six Months Ended June 30 (Unaudited)
(Thousands of \$)

	Actual 2023	Budget 2023
Revenues		
Independent Living Fees	\$7,861	7,961
Entrance fees earned/cancellation penalties	423	315
Skilled nursing, assisted living and memory support fees	9,776	9,137
Investment Income	348	-
	<hr/> 18,408	<hr/> 17,413
Expenses		
Operating expenses:		
Salaries and benefits	9,069	8,649
General and administrative	3,925	2,685
Plant operations	1,622	1,431
Housekeeping	69	62
Dietary	1,040	887
Medical and other resident care	732	289
Interest	3,769	3,769
	<hr/> 20,226	<hr/> 17,772
(Deficit) Excess of revenues over expenses	<hr/> (1,818)	<hr/> (359)
Other Changes in Net Assets		
Depreciation	(3,076)	(2,698)
Amortization	(3,923)	(3,562)
	<hr/> (8,817)	<hr/> (6,619)
Changes in net assets	(8,817)	(6,619)
Net assets at beginning of year	5,248	5,248
Net assets at end of the period	<hr/> <u>(\$3,569)</u>	<hr/> <u>(\$1,371)</u>

CMW Obligated Group
Statements of Cash Flow
For the Six Months Ended June 30 (Unaudited)
(Thousands of \$)

2023

Operating activities

Changes in unrestricted net assets	(\$8,817)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:	
Entrance fees earned	(423)
Proceeds from nonrefundable entrance fees and deposits	500
Refunds of entrance fees	(24)
Depreciation and Amortization	6,999
Amortization of Financing Costs	271
Change in unrealized appreciation of investments	(105)
Net sales of trading investments	1,464
Change in wait lists and deposits	(491)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	2,141
Accounts payables and accrued liabilities	977
Net cash provided in operating activities	2,492

Investing activities

Purchases of property and equipment	(1,574)
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Financing activities

Proceeds from refundable entrance fees and deposits	4,603
Refunds of entrance fees	(4,296)
Net cash provided in financing activities	307
Net increase in cash and cash equivalents	1,225
Cash and cash equivalents at beginning of year	332
Cash and cash equivalents at end of period	\$1,557

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

Historical Debt Service Coverage	Six Months Ended June 30 (Unaudited) 2023	Period of July 19 through December 31 (Audited) 2022
Excess (deficit) of revenues over expenses	(1,818)	(5,852)
Less:		
Entrance fees earned	(423)	(460)
Add:		
Depreciation	-	1,536
Amortization	-	3,599
Interest Expense	3,769	3,426
Unrealized (gain) loss on securities	(105)	(16)
Entrance fee proceeds (less refunds)	783	1,775
Income available for debt service	<u>2,206</u>	<u>4,008</u>
Maximum Annual debt service payment	7,878	7,878
Maximum Annual debt service coverage (a)(b)(c)(h)	0.83	1.13
Maximum Annual debt service coverage covenant (d)	N/A	N/A
Days Cash on Hand		
Unrestricted cash and investments	1,557	332
Working Capital	2,149	2,120
Funded Interest	2,684	3,930
Unrestricted Cash and Marketable Securities	<u>6,390</u>	<u>6,382</u>
Department operating expenses plus interest (h)	40,162	17,845
Daily expenses	110	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	58	59
Days of unrestricted cash & investments on hand covenant (e)	60	60
Occupancy		
Occupancy as of period end (g)	89.3%	91.1%
Occupancy covenant	80.0%	80.0%
Other Ratios		
Net operating margin (b)(c)	6.7%	12.7%
Net operating margin, adjusted (b)(c)	10.7%	21.2%
Adjusted debt to capitalization (b)(c)	100.0%	93.1%

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

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

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

(d) The annual debt service coverage ratio's first testing date is 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) Hamlin Capital Management, LLC has provided a waiver regarding the days cash on hand covenant compliance at December 31, 2022.

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

(h) Maximum annual debt service coverage and days cash on hand are required to be calculated on a rolling twelve months. The June 30, 2023 calculation is annualized off of 346 days of activity.

CMW Obligated Group
Statements of Operations and Changes in Unrestricted Assets
For the Fiscal Quarter Ended June 30 (Unaudited)
(Thousands of \$)

	2023
Revenues	
Independent Living Fees	\$3,928
Entrance fees earned/cancellation penalties	166
Skilled nursing, assisted living and memory support fees	4,885
Investment Income	175
	<u>9,154</u>
Expenses	
Operating expenses:	
Salaries and benefits	4,501
General and administrative	1,966
Plant operations	758
Housekeeping	36
Dietary	527
Medical and other resident care	444
Interest	1,885
	<u>10,117</u>
(Deficit) Excess of revenues over expenses	<u>(963)</u>
Other Changes in Net Assets	
Depreciation	(817)
Amortization	<u>(1,952)</u>
Changes in net assets	(3,732)
Net assets at beginning of period	<u>163</u>
Net assets at end of the period	<u><u>(\$3,569)</u></u>

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

ML Resident June 2023	122
ML Resident June 2023	<u>274</u>
	<u><u>396</u></u>