

**QUARTERLY REPORT**  
**for the three months ended March 31, 2024**

# **CMW Obligated Group**

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

A Lifespace Community

April 30, 2024

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

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

This certificate is being delivered with respect to the following (each, “Testing Period”): Fiscal Quarter ended March 31, 2024.

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	144,749
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 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) *	6,478
Maximum Annual Debt Service (B)	7,878
Debt Service Coverage Ratio (A/B)	0.82
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)	7,679
Operating Expenses *	41,831
Less:	
Depreciation (Op. expenses do not include Depr.)	-
Amortization (Op. expenses do not include Amort.)	-
Total Operating Expenses (B)	41,831
Days Cash on Hand Ratio (A to B/365 or 366)	67
Covenant Requirement	60
Amount drawn on working capital to meet DCOH	N/A
* Calculated on a rolling twelve months	

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

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

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

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

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

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

	IL	HC	ALU	MS	All levels of living
The Craig	94.8%	67.4%	100.0%	N/A	
Meadow Lake	100.0%	73.3%	70.0%	58.8%	
Wesley Court	89.4%	100.0%	89.5%	N/A	
CMW Obligated Group	94.5%	74.8%	89.9%	58.8%	87.9%
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: \$582,750

Principal Paid: \$ -

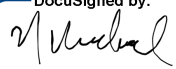
The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the three months ended March 31, 2024, subject to the year-end audit adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.



There are no board meetings or consents in lieu thereof the quarter ended March 31, 2024.

In witness whereof, I have hereunto set my hand, this 30<sup>th</sup> day of April, 2024.


LIFESPACE COMMUNITES, INC.

DocuSigned by:  
  
0FBD63BFF8124CA...

Nick Harshfield

Senior Vice President & CFO

MEADOW LAKE, LLC

DocuSigned by:  
  
0FBD63BFF8124CA...

Nick Harshfield

Treasurer



## CMW Obligated Group

### Apartments/Units Available

	Independent Living Apartments	Independent Living Cottages	Assisted Living	Memory Support	Skilled Nursing	Total
The Craig	108	65	40	-	95	308
Meadow Lake	80	41	20	34	30	205
Wesley Court	81	60	19	-	30	190
Total CMW Obligated Group	269	166	79	34	155	703

### Average Occupancy

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

	Three Months Ended March 31, 2024			
	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.2%	68.9%	98.8%	N/A
Meadow Lake	96.1%	82.7%	64.9%	61.0%
Wesley Court	89.0%	95.4%	96.7%	N/A
Total CMW Obligated Group	92.7%	76.7%	89.7%	61.0%

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

	<b>2024</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$5,234
Accounts Receivable	2,542
Inventories	42
Prepaid Insurance & Other	416
Assets whose use is limited	7,677
Total Current Assets	<u>15,911</u>
Assets whose use is limited	5,037
Property and equipment, at cost:	
Land and improvements	9,049
Buildings and improvements	95,371
Furniture and equipment	5,356
	<u>109,776</u>
Less accum. deprec.	(5,528)
Net property and equipment	<u>104,248</u>
Net goodwill	28,454
Net deferred assets	115
Net intangible assets	12,467
TOTAL ASSETS	<u><u>\$166,232</u></u>

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

**2024**

**Liabilities and net assets**

Current liabilities:

Accounts payable:

Trade	\$1,200
Intercompany	2,540
	<u>3,740</u>

Accrued liabilities:

Employee compensation expense	1,216
Interest	1,409
Property taxes	613
Other	91
	<u>3,329</u>

Entrance fee refunds	795
Reserve for health center refunds	710
Long-term debt due within one year	880
	<u>9,454</u>

Total current liabilities

Entrance fee deposits	143
Wait list deposits	115
Long-term debt due after one year	119,049
Deferred entrance fees	4,003
Refundable entrance and membership fees	46,345
Total liabilities	<u>179,109</u>

Net assets without donor restrictions	(12,877)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$166,232</u></u>



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

	<b>Actual 2024</b>	<b>Budget 2024</b>
<b>Revenues</b>		
Independent Living Fees	\$4,679	4,525
Entrance fees earned/cancellation penalties	197	222
Skilled nursing, assisted living and memory support fees	4,970	5,525
Investment Income	164	16.00
	<hr/>	<hr/>
	10,010	10,288
 <b>Expenses</b>		
Operating expenses:		
Salaries and benefits	4,801	5,046
General and administrative	2,170	2,096
Plant operations	905	868
Housekeeping	34	36
Dietary	493	485
Medical and other resident care	513	208
Interest	1,884	1,749
	<hr/>	<hr/>
	10,800	10,488
 (Deficit) Excess of revenues over expenses	 <hr/>	 <hr/>
	(790)	(200)
 <b>Other Changes in Net Assets</b>		
Depreciation	(834)	(829)
Amortization	(1,995)	(2,052)
	<hr/>	<hr/>
Changes in net assets	(3,619)	(3,081)
Net assets at beginning of year	(9,258)	(9,258)
Net assets at end of the period	<hr/> <hr/>	<hr/> <hr/>
	(\$12,877)	(\$12,339)

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

**2024**

**Operating activities**

Changes in unrestricted net assets	(\$3,619)
Adjustments to reconcile changes in net asset to net cash used in operating activities:	
Entrance fees earned	(197)
Proceeds from nonrefundable entrance fees and deposits	548
Depreciation and Amortization	2,829
Amortization of Financing Costs	134
Change in unrealized appreciation of investments	(31)
Net sales of trading investments	1,940
Change in wait lists and deposits	(486)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	(533)
Accounts payables and accrued liabilities	(1,149)
Net cash used in operating activities	<u>(564)</u>

**Investing activities**

Purchases of property and equipment	(1,331)
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**Financing activities**

Proceeds from refundable entrance fees and deposits	4,917
Refunds of entrance fees	(1,700)
Net cash provided in financing activities	<u>3,217</u>
Net increase in cash and cash equivalents	1,322
Cash and cash equivalents at beginning of year	<u>3,912</u>
Cash and cash equivalents at end of period	<u><u>\$5,234</u></u>

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

	Three Months Ended		Year Ended	Period of July 19
	March 31 (Unaudited)	2023	December 31 (Audited)	through December 31 (Audited)
	2024		2023	2022
<b>Historical Debt Service Coverage</b>				
Excess (deficit) of revenues over expenses	(790)	(855)	(2,663)	(717)
Less:				
Entrance fees earned	(197)	(258)	(833)	(460)
Initial Entrance Fees	(1,817)	-	(863)	-
Add:				
Interest Expense	1,884	1,885	7,490	3,426
Unrealized (gain) loss on securities	(31)	(53)	(12)	(16)
Entrance fee proceeds (less refunds)	3,765	2,285	3,549	1,775
Income available for debt service	<u>2,814</u>	<u>3,004</u>	<u>6,668</u>	<u>4,008</u>
Maximum Annual debt service payment	7,878	7,878	7,878	7,878
Maximum Annual debt service coverage (a)(b)(c)(h)	0.82	1.53	0.85	1.13
Maximum Annual debt service coverage covenant (d)	N/A	N/A	N/A	N/A
<b>Days Cash on Hand</b>				
Unrestricted cash and investments	5,234	3,850	3,912	332
Working Capital	2,225	2,139	2,209	2,120
Funded Interest	220	2,656	1,544	3,930
Unrestricted Cash and Marketable Securities	<u>7,679</u>	<u>8,645</u>	<u>7,665</u>	<u>6,382</u>
Department operating expenses plus interest	10,800	10,096	41,127	17,845
Daily expenses (h)	114	112	113	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	67	77	68	59
Days of unrestricted cash & investments on hand covenant (e)	60	60	60	60
<b>Occupancy</b>				
Occupancy as of period end (g)	87.9%	88.8%	89.2%	91.1%
Occupancy covenant	80.0%	80.0%	80.0%	80.0%
<b>Other Ratios</b>				
Net operating margin (b)(c)	7.6%	6.8%	8.9%	12.7%
Net operating margin, adjusted (b)(c)	23.1%	26.0%	15.1%	21.2%
Adjusted debt to capitalization (b)(c)	108.0%	96.9%	104.9%	93.1%

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

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

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

(d) The annual debt service coverage ratio's first testing date is 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.

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

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Independent Living Fees	\$4,679	\$3,919
Entrance fees earned/cancellation penalties	197	258
Skilled nursing, assisted living and memory support fees	4,970	4,891
Investment Income	164	173
	10,010	9,241
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	4,801	4,568
General and administrative	2,170	1,959
Plant operations	905	864
Housekeeping	34	33
Dietary	493	480
Medical and other resident care	513	307
Interest	1,884	1,885
	10,800	10,096
(Deficit) Excess of revenues over expenses	(790)	(855)
<b>Other Changes in Net Assets</b>		
Depreciation	(834)	(2,259)
Amortization	(1,995)	(1,971)
	(3,619)	(5,085)
Changes in net assets	(3,619)	(5,085)
Net assets at beginning of period	(9,258)	(9,258)
Net assets at end of the period	(\$12,877)	(\$14,343)

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

ML Resident March 2024	80
ML Resident March 2024	293
ML Resident March 2024	146
ML Resident March 2024	137
ML Resident March 2024	139
	<hr/>
	795
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