

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

# **Newcastle Place**

A Lifespace Community

May 10, 2024

Old National Bank  
Kim McMahon  
8750 West Bryn Mawr Ave., Suite 1300  
Chicago, IL 60631

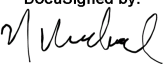
RE: Certificate in accordance with Loan Agreement dated July 1, 2021 - Section 8.9

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

Newcastle Place

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.

LIFESPACE COMMUNITIES, INC.

DocuSigned by:  
  
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Nick Harshfield

Cc: Rachel Nelson



## Newcastle Place

### Apartments/Units Available

	Independent Living	Assisted Living		Health Center	Total	CMS 5-Star Rating *
	Apartments	Assisted Living	Memory Support			
Newcastle Place	158	36	16	47	257	3

\* The CMS 5-Star rating is as of April 2024.

### Average Occupancy

	Six Months ended December 31,		Year ended December 31,		Three months ended March 31,	
	2021	2022	2023	2023	2024	
	Independent Living	96.4%	91.8%	89.8%	89.1%	93.8%
Assisted Living	97.0%	94.5%	91.6%	93.3%	88.1%	
Memory Support	97.5%	97.4%	93.3%	94.4%	81.1%	
Health Center	80.6%	80.9%	84.8%	83.3%	83.1%	

### Health Center Average Payor Mix

	Six Months ended December 31,		Year ended December 31,		Three months ended March 31,	
	2021	2022	2023	2023	2024	
	Lifecare	18.9%	10.8%	16.6%	9.8%	13.3%
Medicare	30.8%	33.0%	32.7%	31.2%	36.2%	
Non-Life Care Resident	50.3%	56.2%	50.7%	59.0%	50.5%	
Total Patient Mix	100.0%	100.0%	100.0%	100.0%	100.0%	

### Entrance Fee Turnover Data

The number of closings, entrance fees proceeds and refunds are shown below:

	Six Months ended December 31,		Year ended December 31,		Three months ended March 31,	
	2021	2022	2023	2023	2024	
	Closings	7	28	34	8	5
Gross Entrance Fees	2,606	10,213	10,460	2,697	2,153	
Refunds/Other	(982)	(7,539)	(8,459)	(3,054)	(2,309)	
Net Entrance Fees	1,624	2,674	2,001	(357)	(156)	

### Wait List

Independent Living Wait List as of April 26, 2024 is 33.

**Newcastle Place  
Balance Sheets  
As of March 31 (Unaudited)  
(Thousands of \$)**

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current Assets:		
Cash and Cash Equivalents	\$9,157	\$8,309
Accounts Receivable	484	326
Inventories	39	39
Prepaid Insurance & Other	267	201
Assets whose use is limited	-	5
Total Current Assets	<u>9,947</u>	<u>8,880</u>
Property and equipment, at cost:		
Land and improvements	4,498	4,470
Buildings and improvements	71,523	69,922
Furniture and equipment	2,571	1,964
	<u>78,592</u>	<u>76,356</u>
Less accum. deprec.	<u>(8,777)</u>	<u>(5,684)</u>
Net property and equipment	69,815	70,672
Swap Derivative	2,307	4,265
Net goodwill	33,301	38,597
Net deferred assets	457	193
<b>TOTAL ASSETS</b>	<u><u>\$115,827</u></u>	<u><u>\$122,607</u></u>

**Newcastle Place  
Balance Sheets  
As of March 31 (Unaudited)  
(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable:		
Trade	\$839	611
Related Party	121	72
	960	683
Accrued liabilities:		
Employee compensation expense	755	693
Interest	371	2
Property taxes	113	583
Other	15	(127)
	1,254	1,151
Entrance fee refunds	-	544
Notes Payable Due within One Year	1,951	1,264
Obligation under Cap Lease due within One Year	11	8
Total current liabilities	4,176	3,650
Entrance fee deposits	75	25
Wait list deposits	184	199
Long-term Notes Payable and Related Party Payable	56,785	58,736
Long-term Related Party Payable	6,487	5,101
Long-term Bonds Due after One Year	8,959	8,423
Obligation under Cap Lease Due after One Year	44	51
Deferred entrance fees	5,212	5,476
Refundable entrance and membership fees	45,826	43,419
Total liabilities	127,748	125,080
Net assets without donor restrictions	(11,921)	(2,473)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$115,827</b>	<b>\$122,607</b>

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

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Independent living fees	\$2,945	\$2,456
Entrance fees earned	305	290
Skilled nursing, assisted living and memory support fees	2,850	2,678
	6,100	5,424
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	2,262	2,382
General and administrative	1,088	1,020
Plant operations	434	362
Housekeeping	29	13
Dietary	545	512
Medical and other resident care	388	224
Depreciation	797	877
Amortization	1,417	1,446
Interest	713	343
	7,673	7,179
Deficit of revenues over expenses	(1,573)	(1,755)
Contributions to Lifespace Communities, Inc. (a)	(179)	(159)
Changes in net assets	(1,752)	(1,914)
Net assets at beginning of year	(10,169)	(559)
Net assets at end of the period	(\$11,921)	(\$2,473)

(a) Lifespace Communities, Inc. allocates home office charges to each of the communities based on percentage of revenues, which is higher than the 5% management fee allowed to be charged in accordance with the loan agreement. This difference is recorded as a long-term payable and equity contribution, and will be collected at a later date in accordance with the loan documents.

**Newcastle Place**  
**Statements of Cash Flow**  
**For the Three Months Ended March 31 (Unaudited)**  
**(Thousands of \$)**

<b>Operating activities</b>	<b>2024</b>	<b>2023</b>
Changes in unrestricted net assets	(\$1,752)	(\$1,914)
Adjustments to reconcile changes to net cash provided in operating activities:		
Entrance fees earned	(305)	(290)
Proceeds from nonrefundable entrance fees and deposits	215	270
Depreciation and Amortization	2,214	2,323
Amortization of Financing Costs	36	37
Interest Applied to Long-Term Debt	-	393
Net purchases of trading investments	517	-
Contributions to Lifespace Communities, Inc.	179	159
Change in entrance fee and wait list deposits	57	(53)
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	61	142
Accounts payables and accrued liabilities	(654)	(567)
Net cash provided in operating activities	<u>568</u>	<u>500</u>
<b>Investing activities</b>		
Purchases of property and equipment	(327)	(375)
<b>Financing activities</b>		
Advance for Home Office Allocation	357	318
Payments on Notes Payable	(480)	-
Payments on Leases	(1)	-
Contributions to Lifespace Communities, Inc.	(179)	(159)
Proceeds from refundable entrance fees and deposits	1,938	2,427
Refunds of entrance fees	(2,309)	(3,054)
Net cash used in financing activities	<u>(674)</u>	<u>(468)</u>
Net change in cash and cash equivalents	(433)	(343)
Cash and cash equivalents at beginning of year	9,590	8,652
Cash and cash equivalents at end of period	<u>\$9,157</u>	<u>\$8,309</u>

**Newcastle Place**  
**Selected Historical Financial Information**  
(Thousands of \$)

	Three Months Ended March 31 (Unaudited)		Year Ended December 31 (Audited)		Six Months Ended December 31
	2024	2023	2023	2022	2021
<b>Historical Debt Service Coverage</b>					
Excess (deficit) of revenues over expenses	(1,573)	(1,755)	(8,937)	(3,527)	(4,145)
Less:					
Entrance fees earned	(305)	(290)	(1,169)	(1,441)	(641)
Gain on Derivative	-	-	-	(4,571)	-
Add:					
Depreciation	797	877	3,173	3,101	1,705
Amortization	1,417	1,446	6,016	6,306	2,934
Interest Expense	713	343	2,838	2,859	1,515
Loss on Derivative	-	-	1,958	-	306
Entrance fee proceeds (less refunds)	(156)	(357)	2,001	2,674	1,624
Income available for debt service	893	264	5,880	5,401	3,298
Maximum annual debt service payment	3,728	3,728	3,728	3,728	3,728
Annual debt service coverage (a)	1.7	1.3	1.6	1.4	1.8
Annual debt service coverage covenant	1.2	1.2	1.2	1.2	1.2
<b>Days Cash on Hand</b>					
Unrestricted cash and investments	9,157	8,309	9,590	8,652	5,630
Department operating expenses plus interest (Annualized)	21,836	19,424	20,637	19,272	18,304
Daily expenses	60	53	57	53	50
Days of unrestricted cash & investments on hand	153	156	170	164	112
Days of unrestricted cash & investments on hand covenant	90	75	90	75	60

(a) The annual debt service coverage uses a rolling 12 months for the Income Available for Debt Service except for the periods of the December 31, 2021 when there had not been 12 months of activity to date. In those cases, the income available for debt service was annualized from what activity had occurred.



**Newcastle Place**  
**Statements of Operations and Changes in Unrestricted Assets**  
**Comparison to Budget**  
**For the Three Months Ended March 31, 2024 (Unaudited)**  
**(Thousands of \$)**

	Actual	Budget	Favorable/ (Unfavorable)
<b>Revenues</b>			
Independent living fees	\$2,945	\$2,666	\$279
Skilled nursing, assisted living and memory support fees	2,850	3,013	(163)
	<u>5,795</u>	<u>5,679</u>	<u>116</u>
<b>Expenses</b>			
Operating expenses:			
Salaries and benefits	2,262	2,811	549
General and administrative	1,088	1,063	(25)
Plant operations	434	402	(32)
Housekeeping	29	41	12
Dietary	545	561	16
Medical and other resident care	388	91	(297)
	<u>4,746</u>	<u>4,969</u>	<u>223</u>
Net operating margin	<u>1,049</u>	<u>710</u>	<u>339</u>