

**QUARTERLY REPORT**  
**for the six months ended June 30, 2024**

# **Newcastle Place**

A Lifespace Community

August 7, 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 six months ended June 30, 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 June 2024.

### Average Occupancy

	Six Months ended December 31,	Year ended December 31,		Six months ended June 30,	
	2021	2022	2023	2023	2024
Independent Living	96.4%	91.8%	89.8%	89.2%	93.6%
Assisted Living	97.0%	94.5%	91.6%	94.5%	89.7%
Memory Support	97.5%	97.4%	93.3%	96.3%	81.9%
Health Center	80.6%	80.9%	84.8%	83.8%	82.5%

### Health Center Average Payor Mix

	Six Months ended December 31,	Year ended December 31,		Six months ended June 30,	
	2021	2022	2023	2023	2024
Lifecare	18.9%	10.8%	16.6%	12.4%	12.4%
Medicare	30.8%	33.0%	32.7%	36.3%	38.6%
Non-Life Care Resident	50.3%	56.2%	50.7%	51.3%	49.0%
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,		Six months ended June 30,	
	2021	2022	2023	2023	2024
Closings	7	28	34	18	13
Gross Entrance Fees	2,606	10,213	10,460	6,400	4,824
Refunds/Other	(982)	(7,539)	(8,459)	(4,978)	(4,327)
Net Entrance Fees	1,624	2,674	2,001	1,422	497

### Wait List

Independent Living Wait List as of July 17, 2024 is 43.

**Newcastle Place  
Balance Sheets  
As of June 30 (Unaudited)  
(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current Assets:		
Cash and Cash Equivalents	\$8,009	\$10,218
Accounts Receivable	735	480
Inventories	39	39
Prepaid Insurance & Other	382	190
Total Current Assets	<u>9,165</u>	<u>10,927</u>
Property and equipment, at cost:		
Land and improvements	4,581	4,470
Buildings and improvements	71,440	70,142
Furniture and equipment	2,806	2,464
	<u>78,827</u>	<u>77,076</u>
Less accum. deprec.	<u>(9,638)</u>	<u>(6,614)</u>
Net property and equipment	69,189	70,462
Swap Derivative	2,307	4,265
Net goodwill	31,977	37,273
Net deferred assets	569	294
<b>TOTAL ASSETS</b>	<u><u>\$113,207</u></u>	<u><u>\$123,221</u></u>

**Newcastle Place  
Balance Sheets  
As of June 30 (Unaudited)  
(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable:		
Trade	\$895	\$911
Related Party	121	103
	1,016	1,014
Accrued liabilities:		
Employee compensation expense	542	569
Interest	151	-
Property taxes	205	649
Other	19	125
	917	1,343
Entrance fee refunds	-	2,424
Notes Payable Due within One Year	1,973	1,264
Obligation under Cap Lease due within One Year	10	5
Total current liabilities	3,916	6,050
Entrance fee deposits	2	2
Wait list deposits	219	192
Long-term Notes Payable and Related Party Payable	56,291	58,736
Long-term Related Party Payable	6,854	5,446
Long-term Bonds Due after One Year	8,995	8,438
Obligation under Cap Lease Due after One Year	44	50
Deferred entrance fees	5,362	5,607
Refundable entrance and membership fees	46,146	43,056
Total liabilities	127,829	127,577
Net assets without donor restrictions	(14,622)	(4,356)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$113,207</b>	<b>\$123,221</b>

**Newcastle Place**  
**Statements of Operations and Changes in Unrestricted Assets**  
**For the Six Months Ended June 30 (Unaudited)**  
**(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Independent living fees	\$5,979	\$5,161
Entrance fees earned	590	556
Skilled nursing, assisted living and memory support fees	5,692	5,529
	12,261	11,246
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	4,617	4,670
General and administrative	2,257	2,236
Plant operations	854	691
Housekeeping	67	42
Dietary	1,047	1,011
Medical and other resident care	821	528
Depreciation	1,658	1,807
Amortization	2,857	2,921
Interest	1,421	806
	15,599	14,712
Deficit of revenues over expenses	(3,338)	(3,466)
Contributions to Lifespace Communities, Inc. (a)	(1,115)	(331)
Changes in net assets	(4,453)	(3,797)
Net assets at beginning of year	(10,169)	(559)
Net assets at end of the period	(\$14,622)	(\$4,356)

(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 Six Months Ended June 30 (Unaudited)**  
**(Thousands of \$)**

<b>Operating activities</b>	<b>2024</b>	<b>2023</b>
Changes in unrestricted net assets	(\$4,453)	(\$3,797)
Adjustments to reconcile changes to net cash provided in operating activities:		
Entrance fees earned	(590)	(556)
Proceeds from nonrefundable entrance fees and deposits	649	712
Depreciation and Amortization	4,515	4,728
Amortization of Financing Costs	72	52
Interest Applied to Long-Term Debt	-	393
Net purchases of trading investments	517	4
Contributions to Lifespace Communities, Inc.	1,115	331
Change in entrance fee and wait list deposits	19	(83)
Changes in operating assets and liabilities:		
Accounts receivables, inventories, and prepaid insurance and other	(431)	(116)
Accounts payables and accrued liabilities	(935)	(44)
Net cash provided in operating activities	<u>478</u>	<u>1,624</u>
<b>Investing activities</b>		
Purchases of property and equipment	(562)	(1,095)
<b>Financing activities</b>		
Advance for Home Office Allocation	724	663
Payments on Notes Payable	(952)	-
Payments on Leases	(2)	(5)
Contributions to Lifespace Communities, Inc.	(1,115)	(331)
Proceeds from refundable entrance fees and deposits	4,175	5,688
Refunds of entrance fees	(4,327)	(4,978)
Net cash used in financing activities	<u>(1,497)</u>	<u>1,037</u>
Net change in cash and cash equivalents	(1,581)	1,566
Cash and cash equivalents at beginning of year	9,590	8,652
Cash and cash equivalents at end of period	<u>\$8,009</u>	<u>\$10,218</u>

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

	Six Months Ended June 30 (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	(3,338)	(3,466)	(8,937)	(3,527)	(4,145)
Less:					
Entrance fees earned	(590)	(556)	(1,169)	(1,441)	(641)
Gain on Derivative	-	-	-	(4,571)	-
Add:					
Depreciation	1,658	1,807	3,173	3,101	1,705
Amortization	2,857	2,921	6,016	6,306	2,934
Interest Expense	1,421	806	2,838	2,859	1,515
Loss on Derivative	-	-	1,958	-	306
Entrance fee proceeds (less refunds)	497	1,422	2,001	2,674	1,624
Income available for debt service	<u>2,505</u>	<u>2,934</u>	<u>5,880</u>	<u>5,401</u>	<u>3,298</u>
Maximum annual debt service payment	3,728	3,728	3,728	3,728	3,728
Annual debt service coverage (a)	1.5	1.5	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	8,009	10,218	9,590	8,652	5,630
Department operating expenses plus interest (Annualized)	22,168	19,968	20,637	19,272	18,304
Daily expenses	61	55	57	53	50
Days of unrestricted cash & investments on hand	132	187	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 that case, 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 Six Months Ended June 30, 2024 (Unaudited)**  
**(Thousands of \$)**

	Actual	Budget	Favorable/ (Unfavorable)
<b>Revenues</b>			
Independent living fees	\$5,979	\$5,539	\$440
Skilled nursing, assisted living and memory support fees	5,692	6,063	(371)
	<u>11,671</u>	<u>11,602</u>	<u>69</u>
<b>Expenses</b>			
Operating expenses:			
Salaries and benefits	4,617	5,595	978
General and administrative	2,257	2,157	(100)
Plant operations	854	795	(59)
Housekeeping	67	81	14
Dietary	1,047	1,124	77
Medical and other resident care	821	181	(640)
	<u>9,663</u>	<u>9,933</u>	<u>270</u>
Net operating margin	<u>2,008</u>	<u>1,669</u>	<u>339</u>