

**QUARTERLY REPORT**  
**for the nine months ended September 30, 2024**

# **CMW Obligated Group**

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

A Lifespace Community

October 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 September 30, 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	131,462
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 \$7,000,000

(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) *	6,420
Maximum Annual Debt Service (B)	7,878
Debt Service Coverage Ratio (A/B)	0.81
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)	7,527
Operating Expenses *	44,307
Less:	
Depreciation (Op. expenses do not include Depr.)	-
Amortization (Op. expenses do not include Amort.)	-
Total Operating Expenses (B)	44,307
Days Cash on Hand Ratio (A to B/365 or 366)	62
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%	82.1%	92.5%	N/A	
Meadow Lake	100.0%	80.0%	85.0%	61.8%	
Wesley Court	86.7%	100.0%	89.5%	N/A	
CMW Obligated Group	93.6%	85.2%	89.9%	61.8%	89.8%
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: \$ -

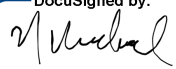
The attached financial statements are complete, correct and fairly present the financial conditions and results of operations for the nine months ended September 30, 2024, subject to the year-end audit adjustments. Lifespace Communities, Inc. has not become aware of any event of default or unmatured event of default that has occurred.



There are no board meetings or consents in lieu thereof the quarter ended September 30, 2024.

In witness whereof, I have hereunto set my hand, this 30<sup>th</sup> day of October, 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	44	20	34	30	208
Wesley Court	81	62	19	-	30	192
Total CMW Obligated Group	269	171	79	34	155	708

### 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%

	Nine Months Ended September 30, 2024			
	Independent Living	Health Center	Assisted Living	Memory Support
The Craig	93.5%	72.4%	94.9%	N/A
Meadow Lake	97.7%	81.9%	71.9%	57.5%
Wesley Court	87.9%	96.8%	93.1%	N/A
Total CMW Obligated Group	92.8%	78.9%	88.6%	57.5%

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

	<b>2024</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$5,234
Accounts Receivable	6,274
Inventories	42
Prepaid Insurance & Other	345
Assets whose use is limited	6,076
Total Current Assets	17,971
Assets whose use is limited	5,070
Property and equipment, at cost:	
Land and improvements	9,068
Buildings and improvements	97,065
Furniture and equipment	5,524
	111,657
Less accum. deprec.	(7,248)
Net property and equipment	104,409
Net goodwill	26,514
Net deferred assets	179
Net intangible assets	11,617
<b>TOTAL ASSETS</b>	<b>\$165,760</b>

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

**2024**

**Liabilities and net assets**

Current liabilities:

Accounts payable:

Trade	\$1,047
Intercompany	12,312
	<hr/> 13,359

Accrued liabilities:

Employee compensation expense	1,470
Interest	1,996
Property taxes	834
Other	46
	<hr/> 4,346

Entrance fee refunds	1,444
Long-term debt due within one year	920
	<hr/>

Total current liabilities 20,069

Entrance fee deposits	76
Wait list deposits	134
Long-term debt due after one year	114,970
Deferred entrance fees	4,069
Refundable entrance and membership fees	48,963
Total liabilities	<hr/> 188,281

Net assets without donor restrictions (22,521)  
TOTAL LIABILITIES AND NET ASSETS \$165,760



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

	<b>Actual 2024</b>	<b>Budget 2024</b>
<b>Revenues</b>		
Independent Living Fees	\$14,185	14,210
Entrance fees earned/cancellation penalties	698	669
Skilled nursing, assisted living and memory support fees	15,321	16,820
Investment Income	504	48
	<hr/>	<hr/>
	30,708	31,747
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	15,285	15,246
General and administrative	6,858	6,305
Plant operations	2,613	2,605
Housekeeping	104	107
Dietary	1,749	1,459
Medical and other resident care	1,257	628
Interest	5,642	5,248
	<hr/>	<hr/>
	33,508	31,598
Deficit of revenues over expenses	<hr/>	<hr/>
	(2,800)	149
<b>Other Changes in Net Assets</b>		
Depreciation	(2,554)	(2,487)
Amortization	(6,260)	(6,156)
Contributions from Lifespace Communities, Inc.	(1,649)	-
	<hr/>	<hr/>
Changes in net assets	(13,263)	(8,494)
Net assets at beginning of year	(9,258)	(9,258)
Net assets at end of the period	<hr/> <hr/>	<hr/> <hr/>
	(\$22,521)	(\$17,752)

**CMW Obligated Group**  
**Statements of Cash Flow**  
**For the Nine Months Ended September 30 (Unaudited)**  
**(Thousands of \$)**

**2024**

**Operating activities**

Changes in unrestricted net assets	(\$13,263)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:	
Entrance fees earned	(698)
Proceeds from nonrefundable entrance fees and deposits	1,114
Depreciation and Amortization	8,814
Amortization of Financing Costs	405
Change in unrealized appreciation of investments	(88)
Net sales of trading investments	3,565
Contributions to Lifespace Communities, Inc.	1,649
Change in wait lists and deposits	(534)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	(4,282)
Accounts payables and accrued liabilities	9,487
Net cash provided in operating activities	6,169

**Investing activities**

Purchases of property and equipment	(3,212)
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**Financing activities**

Repayment of long-term debt	(4,310)
Contributions to Lifespace Communities, Inc.	(1,649)
Proceeds from refundable entrance fees and deposits	9,690
Refunds of entrance fees	(5,366)
Net cash provided in financing activities	(1,635)
Net increase in cash and cash equivalents	1,322
Cash and cash equivalents at beginning of year	3,912
Cash and cash equivalents at end of period	\$5,234

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

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Independent Living Fees	\$4,905	\$4,441
Entrance fees earned/cancellation penalties	256	160
Skilled nursing, assisted living and memory support fees	5,316	4,959
Investment Income	178	163
	10,655	9,723
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	5,338	4,593
General and administrative	2,296	1,826
Plant operations	902	859
Housekeeping	32	48
Dietary	641	429
Medical and other resident care	249	462
Interest	1,873	1,885
	11,331	10,102
(Deficit) Excess of revenues over expenses	(676)	(379)
<b>Other Changes in Net Assets</b>		
Depreciation	(847)	(828)
Amortization	(2,220)	(2,018)
Contributions from Lifespace Communities, Inc.	(1,244)	-
	(4,987)	(3,225)
Changes in net assets	(4,987)	(3,225)
Net assets at beginning of period	(17,534)	(3,574)
Net assets at end of the period	(\$22,521)	(\$6,799)

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

	Nine Months Ended		Year Ended	Period of July 19
	September 30 (Unaudited)	2023	December 31 (Audited)	through December 31 (Audited)
<b>Historical Debt Service Coverage</b>	2024	2023	2023	2022
Excess (deficit) of revenues over expenses	(2,800)	(2,196)	(2,663)	(717)
Less:				
Entrance fees earned	(698)	(583)	(833)	(460)
Initial Entrance Fees	(3,150)	-	(863)	-
Add:				
Interest Expense	5,642	5,654	7,490	3,426
Unrealized (gain) loss on securities	(88)	2	(12)	(16)
Entrance fee proceeds (less refunds)	5,438	1,715	3,549	1,775
Income available for debt service	<u>4,344</u>	<u>4,592</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)	0.81	0.95	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	3,488	3,912	332
Working Capital	2,293	2,168	2,209	2,120
Funded Interest	-	1,526	1,544	3,930
Unrestricted Cash and Marketable Securities	<u>7,527</u>	<u>7,182</u>	<u>7,665</u>	<u>6,382</u>
Department operating expenses plus interest	33,508	30,328	41,127	17,845
Daily expenses (h)	121	111	113	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	62	65	68	59
Days of unrestricted cash & investments on hand covenant (e)	60	60	60	60
<b>Occupancy</b>				
Occupancy as of period end (g)	89.8%	90.6%	89.2%	91.1%
Occupancy covenant	80.0%	80.0%	80.0%	80.0%
<b>Other Ratios</b>				
Net operating margin (b)(c)	5.6%	8.7%	8.9%	12.7%
Net operating margin, adjusted (b)(c)	12.4%	14.2%	15.1%	21.2%
Adjusted debt to capitalization (b)(c)	118.9%	102.7%	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.

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

ML Resident March 2024	146
ML Resident June 2024	353
ML Resident Sept 2024	288
ML Resident Sept 2024	11
ML Resident Sept 2024	170
ML Resident Sept 2024	130
ML Resident Sept 2024	346
	<u>1,444</u>