

**QUARTERLY REPORT**  
**for the year ended December 31, 2024**

# **CMW Obligated Group**

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

A Lifespace Community

January 30, 2025

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 December 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	179,743
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 \$5,000,000

- (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) *	6,615
Maximum Annual Debt Service (B)	6,524
Debt Service Coverage Ratio (A/B)	1.01
Covenant Requirement	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 covenant commences on the testing date of June 30, 2025

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)	7,846
Operating Expenses *	45,521
Less:	
Depreciation (Op. expenses do not include Depr.)	-
Amortization (Op. expenses do not include Amort.)	-
Total Operating Expenses (B)	45,521
Days Cash on Hand Ratio (A to B/365 or 366)	63
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	94.2%	86.3%	97.5%	N/A	
Meadow Lake	100.0%	96.7%	95.0%	76.5%	
Wesley Court	85.3%	100.0%	100.0%	N/A	
CMW Obligated Group	93.0%	91.0%	97.5%	76.5%	92.2%
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 year months ended December 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 December 31, 2024.

In witness whereof, I have hereunto set my hand, this 30<sup>th</sup> day of January, 2025.


LIFESPACE COMMUNITES, INC.

DocuSigned by:  
  
OFBD63BFF8124CA...

Nick Harshfield

Senior Vice President & CFO

MEADOW LAKE, LLC

DocuSigned by:  
  
OFBD63BFF8124CA...

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				For the Year Ended December 31, 2024			
	Independent Living	Health Center	Assisted Living	Memory Support	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	93.5%	75.2%	95.1%	N/A
Meadow Lake	99.6%	88.3%	95.1%	59.0%	98.4%	80.1%	82.9%	64.9%	98.2%	84.5%	74.9%	60.7%
Wesley Court	94.2%	87.8%	94.5%	N/A	93.1%	89.0%	95.8%	N/A	87.3%	96.3%	93.9%	N/A
Total CMW Obligated Group	95.4%	88.4%	94.7%	59.0%	93.7%	79.0%	93.2%	64.9%	92.8%	81.1%	89.7%	60.7%

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

	<b>2024</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$5,528
Accounts Receivable	2,537
Inventories	43
Prepaid Insurance & Other	237
Assets whose use is limited	7,741
Total Current Assets	16,086
Assets whose use is limited	4,936
Property and equipment, at cost:	
Land and improvements	9,090
Buildings and improvements	97,394
Furniture and equipment	5,692
	112,176
Less accum. deprec.	(8,297)
Net property and equipment	103,879
Net goodwill	25,544
Net deferred assets	240
Net intangible assets	11,192
<b>TOTAL ASSETS</b>	<b>\$161,877</b>

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

**2024**

**Liabilities and net assets**

Current liabilities:

Accounts payable:

Trade	\$585
Intercompany	10,889
	11,474

Accrued liabilities:

Employee compensation expense	1,150
Interest	3,634
Property taxes	1,394
Other	28
	6,206

Entrance fee refunds	916
Long-term debt due within one year	920
Obligation under lease due within one yr	5
	19,521

Total current liabilities

Entrance fee deposits	82
Wait list deposits	147
Long-term debt due after one year	115,105
Obligation under lease due after one year	18
Deferred entrance fees	4,109
Refundable entrance and membership fees	50,077
Total liabilities	189,059

Net assets without donor restrictions	(27,182)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$161,877</b>



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

	<b>Actual 2024</b>	<b>Budget 2024</b>
<b>Revenues</b>		
Independent Living Fees	\$19,103	19,393
Entrance fees earned/cancellation penalties	920	894
Skilled nursing, assisted living and memory support fees	20,895	22,531
Investment Income	627	65
	<u>41,545</u>	<u>42,883</u>
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	20,862	20,426
General and administrative	9,677	8,431
Plant operations	3,512	3,473
Housekeeping	127	143
Dietary	2,359	1,944
Medical and other resident care	1,570	841
Interest	7,414	6,998
	<u>45,521</u>	<u>42,256</u>
Deficit of revenues over expenses	<u>(3,976)</u>	627
<b>Other Changes in Net Assets</b>		
Depreciation	(3,604)	(3,317)
Amortization	(8,730)	(8,208)
Contributions from Lifespace Communities, Inc.	(1,614)	-
	<u>(17,924)</u>	<u>(10,898)</u>
Changes in net assets	(17,924)	(10,898)
Net assets at beginning of year	(9,258)	(9,258)
Net assets at end of the period	<u><u>(\$27,182)</u></u>	<u><u>(\$20,156)</u></u>

**CMW Obligated Group**  
**Statements of Cash Flow**  
**For the Year Ended December 31 (Unaudited)**  
**(Thousands of \$)**

**2024**

**Operating activities**

Changes in unrestricted net assets	(\$17,924)
Adjustments to reconcile changes in net asset to net cash provided in operating activities:	
Entrance fees earned	(920)
Proceeds from nonrefundable entrance fees and deposits	1,385
Refunds of entrance fees	(3)
Depreciation and Amortization	12,334
Amortization of Financing Costs	540
Change in unrealized appreciation of investments	(143)
Net sales of trading investments	2,089
Contributions to Lifespace Communities, Inc.	1,614
Change in wait lists and deposits	(515)
Changes in operating assets and liabilities:	
Accounts receivables, inventories, and prepaid insurance and other	(496)
Accounts payables and accrued liabilities	9,462
Net cash provided in operating activities	7,423

**Investing activities**

Purchases of property and equipment	(3,708)
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**Financing activities**

Repayment of long-term debt	(4,310)
Contributions to Lifespace Communities, Inc.	(1,614)
Proceeds from refundable entrance fees and deposits	11,695
Refunds of entrance fees	(7,870)
Net cash used in financing activities	(2,099)
Net increase in cash and cash equivalents	1,616
Cash and cash equivalents at beginning of year	3,912
Cash and cash equivalents at end of period	\$5,528

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

	Year Ended December 31 (Unaudited) 2024	Year Ended December 31 (Audited) 2023	Period of July 19 through December 31 (Audited) 2022
<b>Historical Debt Service Coverage</b>			
Excess (deficit) of revenues over expenses	(3,976)	(2,663)	(717)
Less:			
Entrance fees earned	(920)	(833)	(460)
Initial Entrance Fees	(3,150)	(863)	-
Add:			
Interest Expense	7,414	7,490	3,426
Unrealized (gain) loss on securities	(143)	(12)	(16)
Management Fee	2,183	-	-
Entrance fee proceeds (less refunds)	5,207	3,549	1,775
Income available for debt service	<u>6,615</u>	<u>6,668</u>	<u>4,008</u>
Maximum Annual debt service payment	6,524	7,878	7,878
Maximum Annual debt service coverage (a)(b)(c)(h)	1.01	0.85	1.13
Maximum Annual debt service coverage covenant (d)	N/A	N/A	N/A
<b>Days Cash on Hand</b>			
Unrestricted cash and investments	5,528	3,912	332
Working Capital	2,318	2,209	2,120
Funded Interest	-	1,544	3,930
Unrestricted Cash and Marketable Securities	<u>7,846</u>	<u>7,665</u>	<u>6,382</u>
Department operating expenses plus interest	45,521	41,127	17,845
Daily expenses (h)	124	113	108
Days of unrestricted cash & investments on hand (a)(b)(c)(e)(f)	63	68	59
Days of unrestricted cash & investments on hand covenant (e)	60	60	60
<b>Occupancy</b>			
Occupancy as of period end (g)	92.2%	89.2%	91.1%
Occupancy covenant	80.0%	80.0%	80.0%
<b>Other Ratios</b>			
Net operating margin (b)(c)	4.7%	8.9%	12.7%
Net operating margin, adjusted (b)(c)	9.4%	15.1%	21.2%
Adjusted debt to capitalization (b)(c)	124.8%	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 June 30, 2025 per Hamlin 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 December 31 (Unaudited)**  
**(Thousands of \$)**

	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
Independent Living Fees	\$4,919	\$4,628
Entrance fees earned/cancellation penalties	222	248
Skilled nursing, assisted living and memory support fees	5,574	5,360
Investment Income	123	188
	10,838	10,424
<b>Expenses</b>		
Operating expenses:		
Salaries and benefits	5,579	4,566
General and administrative	2,819	2,251
Plant operations	900	911
Housekeeping	23	34
Dietary	610	724
Medical and other resident care	313	568
Interest	1,773	1,836
	12,017	10,890
(Deficit) Excess of revenues over expenses	(1,179)	(466)
<b>Other Changes in Net Assets</b>		
Depreciation	(1,050)	752
Amortization	(2,469)	(2,745)
	(4,698)	(2,459)
Changes in net assets	(4,698)	(2,459)
Net assets at beginning of period	(22,484)	(6,799)
Net assets at end of the period	(\$27,182)	(\$9,258)

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

		September 30, 2024	Additions/(Refunds)	December 31, 2024
Resident #1	ML Resident March 2024	146		146
Resident #2	ML Resident June 2024	353	(353)	-
Resident #3	ML Resident Sept 2024	288	(288)	-
Resident #4	ML Resident Sept 2024	11	(11)	-
Resident #5	ML Resident Sept 2024	170	(170)	-
Resident #6	ML Resident Sept 2024	130	(130)	-
Resident #7	ML Resident Sept 2024	346	(346)	-
Resident #8	ML Resident Dec 2024		137	137
Resident #9	ML Resident Dec 2024		207	207
Resident #10	TC Resident Nov 2024		180	180
Resident #11	TC Resident Dec 2024		246	246
		1,444	(528)	916
		1,444	(528)	916