



**Naperville Campus, LLC &
Monarch Landing, Inc.
Monthly Reporting Package
March 2008**

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1 Project Summary

Naperville Campus, LLC

Project Overview

Project Description

Naperville Campus is a 76 acre project located in Naperville, Illinois. The community is marketed under the name Monarch Landing and will consist of approximately 1498 independent living apartments, 84 assisted living apartment and 132 skilled nursing beds upon its expected completion in 2012.

Financing Overview

- In December of 2007, Monarch Landing, Inc. issued \$178.7 million in municipal bonds. The bonds have a \$50.6M Letter of Credit enhancement from Fifth Third Bank, M&T Bank is serving as bond trustee.
- The bond issuance provided Monarch Landing, Inc with the funds to place a \$162M purchase deposit with Naperville Campus, LLC. Naperville Campus, in turn, paid off the \$85M construction revolver with Bank of America/Lasalle and the \$25M of sub debt financing with Morgan Stanley.
- In addition, a “Special Tax District” Bond Issue for \$15 million closed in June of 2006.
- Erickson has funded approximately \$30M in equity to date.
- Erickson has funded approximately \$12.7M in short term funding to cover project expenses in excess of entrance fees and the construction loan.

Executive Summary

Marketing Overview

Monarch Landing had 17 initial deposits, and 5 settlements in March. The community continues to focus on strengthening its pipeline which currently consists of 59 reservations, 100 standbys and 94 futures.

Naperville Campus, LLC

Critical Issues

Liens:

- On 12/27/07, Nexgen Building Supply filed a lien in the amount of \$39,004.21 on the RB1.2 project. Nexgen supplied materials to A-Tech Stucco EIFS Co., a subcontractor to Erickson Construction on the project. The issue involves non-payment for materials supplied to A-Tech Stucco. A-Tech Stucco has been paid for this work by Erickson Construction. A settlement was reached in late March, and payment will be made and the lien will be removed in April.
- On 1/16/08, K. Keup Concrete Construction, Inc. filed a lien in the amount of \$83,239.18 on the RB1.2 project. K. Keup Concrete is a subcontractor to Erickson Construction. The issue involves unresolved change orders, as well as final retainage release. All issues were resolved, final payment was issued, and the lien was removed on 3/3/08.
- On 1/23/08, Illini Hi-Reach, Inc. filed a lien in the amount of \$9,960.00 on the RB1.2 project. Illini Hi-Reach rented equipment (lifts) to A-Tech Stucco EIFS Co., a subcontractor to Erickson Construction on the project. The issue involves non-payment for the equipment rented to A-Tech Stucco. A-Tech Stucco has been paid for this work by Erickson Construction.
- **Construction Costs - Rising Construction Costs** - A thorough review of all projects assessing the impact of rising construction costs is currently in process.

Active Phase Status

<i>Phase/Item</i>	<i>Construction Began</i>	<i>Projected to Open</i>
Sitework 1.0	Apr-05	N/A
Residential Building 1.3	Sep-08	Sep-09

Proforma Update

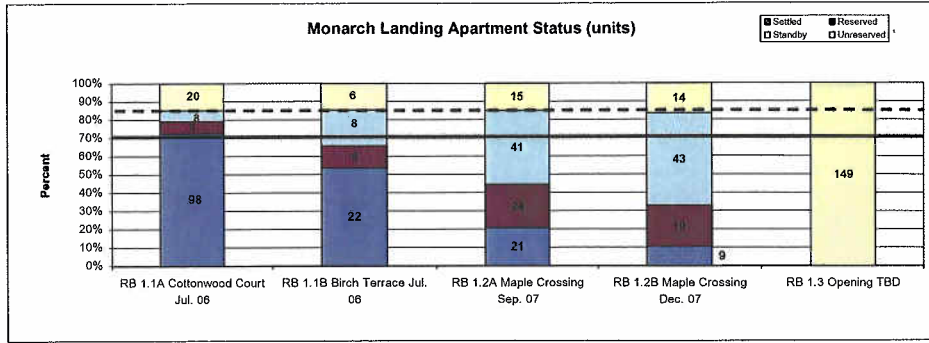
	Original Budget	CURRENT 3/31/2008 Budget
Entrance Deposits	543	592 (1)
Purchase Price	105	131 (2)
Net Operating Lease	0	0
Total Funds	647	722
Project Costs (excludes financing costs & dev. fees)	462	547 (3)
Financing Costs	53	161 (4)
Operations Start Up (Working Capital) Ex. Reserves	(12)	12 (5)
Development Fees	27	30
Total Costs	531	749
Enterprise Margin	116	(27)

(1) (2) (3) (4) (5) Variance is due primarily to slower project schedule, which increased deposit & costs due to inflation, and bond issuance.

(3) Variance is mainly due to steel cost increases and slower project schedule.

2 Marketing Reports

Apartment Status by Building as of 03-31-08



Total Units

135 41 101 85 149

	2005 Year End	2006 Year End	2007 1st Qtr	2007 2nd Qtr	2007 3rd Qtr	2007 4th Qtr	2008 1st Qtr
Settled	0	82	86	98	108	133	150
Reservations	99	16	30	45	61	59	57
Standby	40	93	93	79	86	91	100
Futures	21	61	71	74	81	84	94
Total	160	252	280	296	336	367	401
Monthly Trends							
Net Settlements/Reservations/Standbys	11.6	4.3	6.0	4.3	11.0	9.3	
Settlements	0	6.8	1.3	4.0	3.3	8.3	

Test to Break Escrow: (Buildings with at least 50% Sold or bond posted for 50% of entrance fees)					
Building	Total Units	# of Units Required (50%)	# of Units Settled/Reserved	# of Units Needed	
RB 1.1A	135	68	107	Test Satisfied	
RB 1.1B	41	21	27	Test Satisfied	
RB 1.2A	101	51	45	6	Bonded
RB 1.2B	85	43	28	15	Bonded

Project Phasing Test:

Can't commence construction on a Residential Building until the Commitment ratio is at least 80%.

The Commitment Ratio is the sum of Settled Units, Reserved Units, Standbys and Futures divided by sum of all Completed Residential Units plus the Units of the Residential Building for which the ratio is being computed.

Test for RB 2.1		Total Available Units	
Settled	150	RB 1.1A	135
Reservations	57	RB 1.1B	41
Standby	100	RB 1.2A	101
Futures	94	RB 1.2B	85
Total	401	RB 1.3	149
		Total	511

Bond Commitment	401	=	78%
Ratio	511		

Maximum Number of Units Completed & Under Construction Within Compli		=	501.25
401		80%	

***Settlement vs. Covenant**

Original Covenant Requirement	PTD Monthly Average as of 3/31/08
N/A	7.5

NOTES:

MLN has satisfied the bond commitment ratio through RB 1.2B.

2008 Monthly Marketing Trend Report

Campus: Monarch Landing

Monthly Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Average
1 Net Apt Reservations (MS)*	8	-3	12										17	5.67
* New	8	-4	11										15	5.00
* Resale	0	1	1										2	0.67
2 Gross Reservations (MS)	18	5	20										43	14.33
3 No. of Total Settlements (MS)*	5	7	5										17	5.67
* New	5	7	5										17	5.67
* Resale	0	0	0										0	0
4 No. of Initial Deposits (MS)	23	7	17										47	15.67
5 Requests for Refunds (MS)	5	3	3										11	3.67
6 Total Kit Requests (OT)	572	562	756										1,890	630.00
* MJO (OT)	407	285	525										1,217	405.67
* Sales Office (OT)	147	263	200										610	203.33
* Walk-ins (OT)	18	14	31										63	21.00
HC Kit Requests	0	0	2										2	0.67
7 Total Appts (OT)**	70	61	101										232	77.33
* First Time Appts (OT)	30	18	47										95	31.67
* Non Depositor Repeat Appts (OT)	8	11	18										37	12.33
* Depositor Appts (OT)	32	32	36										100	33.33
8 Walk-in Appts (OT)	0	0	0										0	0
Pipeline														
9 Reserved but Unsettled (P)	62	52	59										59	57.67
* New	62	51	57										57	56.67
* Resale	0	1	2										2	1.00
10 Standby (P)	95	100	100										100	98.33
11 Futures (P)	90	92	94										94	92.00
12 Total Deposits w/o Settled Appts (C) [9+10+11]	247	244	253										253	248.00
13 Total Settled Appts (P)	135	142	146										146	141.00
Total New Settled Appts (BS)	138	145	150										150	144.33
14 No. of Unsettled Appts (PRU)	226	219	215										215	220.00
15 Appts released by keys not turned in	0	0	0										0	0
Ratio (Line 12/14) (C)	1.09	1.11	1.18	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.18	1.13

Notes

* Net Reservations = Gross Reservations - Reservations withdrawn

** Total Appts = Non-Depositor (First-time and repeat) + Depositor (Futures, Standby, Reserved, Settle/Resident)



Marketing Summary

Date Range [>=3/1/08 and <=3/31/08]

MLN

LOC: Independent

Settlements	Count	Cash Collected	Current P-Note Due	Total
New	5	\$640,900	\$1,187,600	\$1,828,500
Resale	0	\$0	\$0	\$0
Total	5	\$640,900	\$1,187,600	\$1,828,500

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
New	7	11	5	7	6	\$5,410,500	\$1,828,500	\$2,182,000	\$1,400,000
Resale	1	1	0	1	1	\$389,500	\$0	\$196,500	\$193,000
Total	8	12	5	8	7	\$5,800,000	\$1,828,500	\$2,378,500	\$1,593,000

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
Futures	3	1	2	2
Standby	6	2	8	0
Total	9	3	10	2

Initial Deposits	17
Requests for Refund	3

3 Total Anticipated Budget

**Erickson Retirement Communities
Naperville Campus
Total Anticipated Budget
As of March 31, 2008**

	Actual Costs <u>JTD</u>	% Complete to Budget	Estimate to Complete	Estimate at Completion	Original Budget	Favorable/ <u>(Unfavorable)</u>	Notes
Entrance Deposits	45,357,200	8%	546,228,801	591,586,001	542,559,462	49,026,539	
Operating Lease	302,398	2%	13,814,121	14,116,519	20,281,314	(6,164,795)	
Funds Held/WC Loan Repayment	(9,582,200)	6%	(141,067,127)	(150,649,327)	-	(150,649,327)	
Total Deposits	36,077,398	8%	418,975,795	455,053,193	562,840,776	(107,787,583)	A
Hard Costs - Building	93,507,675	24%	288,409,929	381,917,604	325,683,141	(56,234,463)	
Hard Costs - Sitework	13,999,241	58%	10,196,896	24,196,137	23,394,543	(801,594)	
Architecture	8,198,615	60%	5,555,909	13,754,524	12,310,747	(1,443,777)	
Engineering	2,793,013	72%	1,061,931	3,854,944	3,444,962	(409,982)	
Builder's Risk	159,985	22%	571,197	731,182	637,797	(93,385)	
Fees, Permits & Bonds	3,307,387	43%	4,391,697	7,699,083	11,183,040	3,483,957	
Development Fee	2,268,085	8%	27,311,215	29,579,300	27,127,975	(2,451,325)	
Outside Legal	689,876	59%	480,576	1,170,452	666,284	(504,168)	
Phase Costs Before Contingency	124,923,878	27%	337,979,348	462,903,226	404,448,489	(58,454,737)	
Contingency	0	0%	9,195,848	9,195,848	10,965,661	1,769,813	
Total Phase Costs	124,923,878	26%	347,175,196	472,099,074	415,414,150	(56,684,924)	B
Department Costs							
Administration Department	1,378,965	36%	2,418,971	3,797,936	2,530,035	(1,267,901)	
Acquisitions and Development	5,259,674	34%	10,281,624	15,541,298	11,235,995	(4,305,303)	
Finance	197,651	7%	2,629,359	2,827,010	839,945	(1,987,065)	
Marketing Department	13,426,451	25%	40,214,910	53,641,361	30,661,482	(22,979,879)	
Information Services	423,319	19%	1,772,864	2,196,183	188,392	(2,007,791)	
Legal Department	148,913	27%	410,996	559,909	375,807	(184,102)	
Total Departmental Costs	20,834,972	27%	57,728,725	78,563,697	45,831,656	(32,732,041)	C
Total Hard & Soft Costs	145,758,850	26%	404,903,921	550,662,771	461,245,806	(89,416,965)	
Other Development Costs							
Land	22,970,488	100%	22,970,488	22,970,488	22,951,000	(19,488)	
Interest Costs	28,647,893	81%	6,849,629	35,497,522	34,790,867	(706,655)	
Financing Costs - L.O.C	2,830,883	78%	819,028	3,649,911	1,959,500	(1,690,411)	
Property Taxes	1,048,412	39%	1,674,177	2,722,589	2,078,167	(644,422)	
Capital Expenditures/	647,356	43%	867,602	1,514,958	1,206,910	(308,048)	
Community Loan Interest	(1,939,695)	#DIV/0!	1,939,695	-	(8,298,079)	(8,298,079)	
Total Other Development Costs	54,205,337	82%	12,150,131	66,355,468	54,688,365	(11,667,103)	D
Total Costs	199,964,186	32%	417,054,053	617,018,239	515,934,171	(101,084,068)	
Profit Margin	(163,886,789)		1,921,743	(161,965,046)	46,906,605	(208,871,651)	
Profit Margin %				-35.59%	8.33%	-43.93%	
Purchase Price				130,700,000			
Adjustment to Funds Held/WC Loan Repayment Net of \$120M Bond Financing				30,730,913			
Start Up Loss Adjustment				(12,000,000)			
Operating Lease Adjustment				(14,116,519)			
Total Adjustments				135,314,394			
Enterprise Value				(26,650,652)			

Naperville Campus, LLC

\$'s in Millions

Variances to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
1 Naperville Road Impact Fees, and Park District Fees were renegotiated and thus lower than originally anticipated (2005) Phase Costs	B	<u>1.4</u>	1.4
2 Naperville Campus enters into ground lease agreement with Morgan Stanley, which had not been anticipated in original budget (2005) Other Development Costs	D	<u>(18.2)</u>	(18.2)
3 Increases of CB1.0, RB1.1 and PKD1.0 cost per square foot as well as projected costs for RB1.5 through RB3.4 (from \$102.91 to \$103) due to increases in steel costs. Also, adjustment of CB2.0 and CB3.0 cost per square foot (from \$180.35 to \$200) due to projected increases in materials costs (2005 & 2006) Phase Costs Other Development Costs	B D	(7.8) <u>(5.0)</u>	(12.9)
4 Updated G&A cost assumptions and lowered monthly pricing for the Chicago area (2005) Funds Held/WC Loan Community Loan Interest	A D	(1.5) <u>(8.3)</u>	(9.8)
5 Updated absorption schedule (from 17/mo to 15/mo) due to Chicago market challenges (2005) Entrance Deposits Operating Lease	A A	2.4 <u>0.4</u>	2.8
6 Increase in construction loan rates from 8.5% to 9% (2005/2007) Other Development Costs	D	<u>(3.9)</u>	(3.9)
7 Delay of project schedule due to weak market demand (2006/2007) Entrance Deposits Operating Lease Development Fees Funds Held/WC Loan Phase Costs Departmental Costs Other Development Costs	A A B A B C D	33.1 2.5 (1.7) (4.7) (19.2) (22.8) <u>(14.9)</u>	(27.7)
8 Adjustment of funds held related to updating metrics with historical performance (2007) Funds Held/WC Loan Other Development Costs	A D	(7.9) <u>(2.1)</u>	(10.0)
9 Unanticipated Adverse Field Conditions in construction of RB1.2 and in SW10 work (2007) Phase Costs Other Development Costs	B D	(2.1) <u>(0.5)</u>	(2.6)
10 RB2.1 through RB3.4 construction plans changed from steel to woodframe due to rising cost of steel - \$10M, and also included a change from parking decks to underground parking for RB2.1 through RB3.4 = (\$10.1M) (2007) Phase Costs	B	<u>(0.7)</u>	(0.7)
11 Change of RG1 from mainstreet to household model (2007) Entrance Deposits Funds Held/WC Loan Phase Costs Other Development Costs	A A B D	(1.5) 14.0 (8.0) <u>(7.0)</u>	(2.5)
12 Maximum Construction Line Increased from \$68M to \$85M (2007) Other Development Costs	D	<u>(12.0)</u>	(12.0)
13 Update RG assumptions to 100% collection of deposits based on historical experience (2007) Entrance Deposits	A	<u>4.0</u>	4.0
14 RB, CB, bridge costs escalation due to materials cost increases and unanticipated conditions (2007) Phase Costs Other Development Costs	B D	(10.2) <u>(4.7)</u>	(14.9)
15 Slow absorption schedule from 12.85 to 11.35 average settlements per month (2007) Entrance Deposits Operating Lease Phase Costs Departmental Costs Other Development Costs	A A B C D	11.0 (2.0) (8.0) (7.1) <u>(1.5)</u>	(7.6)
16 Bond Issuance (2207) Operating Lease Funds Held/WC Loan Financing Costs (Construction Loan)	A A D	(6.9) (150.6) <u>68.0</u>	(89.5)

Naperville Campus, LLC

\$'s in Millions

Variations to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
17 Increase departmental costs due to proforma update with 2008 budget (2007) Departmental Costs	C	<u>(2.0)</u>	(2.0)
18 Interest on working capital loan is not part of enterprise value calculation (2007) Other Development Costs	D	<u>(1.6)</u>	(1.6)
19 Other			
Phase Costs	B	(0.4)	
Departmental Costs	C	<u>(0.8)</u>	(1.2)
			<u>(208.9)</u>

Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	(107.8)
B Phase Costs	(56.7)
C Departmental Costs	(32.7)
D Other Development Costs	<u>(11.7)</u>
Total Variance	<u>(208.9)</u>

4 Project Schedule

**Naperville Campus
Project Schedule
March 31, 2008**

Project	Original Scheduled Completion Date	Substantially Completed	Variance (in Months)
Community Building 1.0	Jun-06	Jul-06	(1.0)
Transitional Spaces	Sep-08	Oct-10	(25.0)
Residential Building 1.1	Jun-06	Jul-06	(1.0)
Residential Building 1.2	Mar-07	Sep-07	(6.0)
Residential Building 1.3	Mar-08	Sep-09	(18.0)
Community Building 2.0	Sep-08	Oct-10	(25.0)
Residential Building 2.1	Sep-08	Oct-10	(25.0)
Residential Building 2.2	Sep-08	Sep-11	(36.0)
Residential Building 2.3	Jul-09	Jun-12	(35.0)
Residential Building 2.4	Mar-10	Mar-13	(36.0)
Community Building 3.0	Mar-11	Oct-13	(31.0)
Residential Building 3.1	Aug-10	Oct-13	(38.0)
Residential Building 3.2	Oct-11	Sep-14	(35.0)
Residential Building 3.3	Mar-12	Apr-15	(37.0)
Residential Building 3.4	Jul-12	Mar-16	(44.0)
Master Planning	Apr-05	Apr-05	-
Bridge 10	Mar-07	Sep-07	(6.0)
Bridge 20	Sep-08	Sep-11	(36.0)
Bridge 30	Sep-08	Oct-10	(25.0)
Bridge 40	Mar-10	Mar-13	(36.0)
Bridge 50	Jul-12	Mar-16	(44.0)
Bridge 60	Jul-12	Mar-16	(44.0)
Chapel 1	Oct-11	Sep-14	(35.0)
Gate House 1	Jun-06	Jun-06	-
Maintenance Building 1	Dec-06	Dec-06	-
Marketing Center 1	Oct-04	Oct-04	-
Extended Care 1.0	Mar-10	Aug-10	(5.0)
Extended Care 2.0	Jul-12	Mar-16	(44.0)

19 Landowner Financial Statements

ERICKSON RETIREMENT COMMUNITIES
Naperville Campus
Landowner Balance Sheet
Mar, FY08

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	<u>Current Balance</u>	<u>Prior Year End Balance</u>	<u>Change from Prior Year</u>
ASSETS			
Current Assets			
Cash	236,815	47,630	189,184
Assets Limited as to Use	32,735,253	35,478,507	(2,743,254)
Other Current Assets	6,619,049	6,828,676	(209,627)
Total Current Assets	39,591,116	42,354,813	(2,763,697)
Fixed Assets			
Land and Improvements	25,485,569	25,485,569	-
Buildings	117,176,493	114,942,941	2,233,552
Other Fixed Assets	2,142,406	2,077,753	64,653
Total Fixed Assets	144,804,467	142,506,262	2,298,205
Accumulated Depreciation	(4,552,687)	(3,676,961)	(875,726)
Total Fixed Assets net of Depreciation	140,251,781	138,829,302	1,422,479
Construction in Progress	24,482,283	23,731,583	750,700
Total Fixed Assets, Net and CIP	164,734,064	162,560,885	2,173,179
Other Assets			
Community Note Receivable	19,857,400	18,620,580	1,236,820
Deferred Financing Costs, net	718,381	727,103	(8,722)
Total Other Assets	20,575,781	19,347,683	1,228,098
TOTAL ASSETS	224,900,962	224,263,381	637,580
LIABILITIES & MEMBERS' CAPITAL			
Current Liabilities			
Accounts Payable	104,099	119,890	(15,791)
Construction G.C. Payable	716,644	1,177,582	(460,938)
Retainage Payable	1,005,715	1,719,441	(713,725)
Other Current Liabilities	330,808	483,821	(153,013)
ERC Short-Term Funding	12,702,192	8,084,536	4,617,656
Development Fees Payable	479,110	1,788,975	(1,309,865)
Intercompany	937,106	282,519	654,588
Total Current Liabilities	16,275,674	13,656,763	2,618,911
Long-Term Liabilities			
Mortgage Payable	35,775,000	35,779,500	(4,500)
Bonds Payable	15,000,000	15,000,000	-
Purchase Option Deposit	162,000,000	162,000,000	-
Total Long-Term Liabilities	212,775,000	212,779,500	(4,500)
Total Liabilities	229,050,674	226,436,263	2,614,411
Members' Capital			
Members' Capital	20,118,496	20,118,496	-
Members' Capital Sub-Debt Interest	10,163,728	9,122,984	1,040,744
Development Fee Distributions	(2,268,085)	(1,788,975)	(479,110)
Retained Earnings	(29,625,387)	(29,625,387)	-
Current Year's Income (Loss)	(2,538,465)	-	(2,538,465)
Total Members' Capital	(4,149,713)	(2,172,882)	(1,976,831)
TOTAL LIABILITIES & MEMBERS' CAPITAL	224,900,962	224,263,381	637,580

ERICKSON RETIREMENT COMMUNITIES
Naperville Campus
Landowner Income Statement
Mar, FY08

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	<u>Period Activity</u>	<u>Period Budget</u>	<u>Period Variance</u>	<u>Year-to-Date Actual</u>	<u>Year-to-Date Budget</u>	<u>Year-to-Date Variance</u>
Departmental Expenses						
Development Administration	73,397	98,559	25,161	249,331	292,287	42,956
Construction Manganement Services	76,256	3,647	(72,609)	200,022	10,940	(189,081)
Administration	48,079	48,079	-	144,238	144,238	0
Marketing	289,107	212,097	(77,010)	698,240	633,398	(64,842)
Sales and Information	68,154	116,696	48,542	284,756	343,774	59,018
Information Services	16,884	16,884	-	50,653	50,653	0
Legal	3,914	3,914	-	11,743	11,743	-
Capitalized Costs	(286,685)	(287,779)	(1,095)	(940,743)	(853,636)	87,107
Net Departmental Expense	289,107	212,097	(77,010)	698,240	633,398	(64,842)
Other Operating Expenses						
Bank Charges/Other Fees	(1,880)	-	1,880	2,088	-	(2,088)
Depreciation	296,999	309,948	12,949	875,726	922,298	46,572
Amortization	2,907	-	(2,907)	8,722	-	(8,722)
Total Other Operating Expenses	298,026	309,948	11,922	886,537	922,298	35,761
Total Operating Expenses	587,133	522,045	(65,088)	1,584,777	1,555,695	(29,081)
Non-Operating Revenue						
Note Rec/Other Interest	156,596	-	156,596	422,975	-	422,975
Community Lease Revenue	152,378	208,407	(56,029)	448,347	598,173	(149,826)
Total Non-Operating Revenue	308,974	208,407	100,567	871,322	598,173	273,149
Non-Operating Expenses						
Interest Expense LOC, net(Sub-debt)	-	75,000	75,000	258,782	225,000	(33,782)
Mortgage Interest Expense	136,729	192,957	56,228	401,399	551,823	150,424
Equity Partner Interest Expense	-	-	-	1,040,744	-	(1,040,744)
Financing Costs	4,846	4,000	(846)	15,463	30,491	15,028
Real Estate & Other Taxes	108,322	-	(108,322)	108,622	-	(108,622)
Total Non-Operating Expenses	249,896	271,957	22,061	1,825,010	807,314	(1,017,696)
NET INCOME (LOSS)	(528,055)	(585,595)	57,540	(2,538,465)	(1,764,836)	(773,628)

ERICKSON RETIREMENT COMMUNITIES
Naperville Campus
Landowner Cash Flow Statement
Mar, FY08

04/21/08 11:05 AM

	Period Activity	Year-to-Date
Cash Flows from Operating Activities:		
Net Income (Loss)	(528,055)	(2,538,465)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	296,999	875,726
Amortization	2,907	8,722
Changes in:		
Assets Limited as to Use	(1,107,279)	2,743,254
Other Current Assets	69,876	209,627
Current Liabilities	20,020	(168,804)
ERC Short-Term Funding	3,575,000	4,617,656
Development Fees Payable	479,110	(1,309,865)
Intercompany	130,705	654,588
Net Cash (Used In) Provided by Operating Activities	2,939,283	5,092,439
Cash Flows from Investing Activities:		
CIP and Other Fixed Assets	(812,421)	(3,048,905)
Net Cash (Used In) Provided by Investing Activities	(812,421)	(3,048,905)
Cash Flows from Financing Activities:		
Deferred Financing Costs	-	-
Community Note Receivable	(1,024,316)	(1,236,820)
Retainage Withheld (Released)	(346,859)	(713,725)
Mortgage Proceeds	-	(4,500)
Change in General Contractor Payable	(336,260)	(460,938)
Proceeds (Repay) of Purchase Deposit	-	-
Members' Capital	-	-
Members' Drawing	(479,110)	(479,110)
Net Cash (Used In) Provided by Financing Activities	(2,186,546)	(2,895,093)
Change in Cash	(59,684)	189,184
Beginning Cash Balance	296,499	47,630
Ending Cash Balance	236,815	236,815

9 Community Financial Statements

MLN
Comparative Balance Sheet
(in thousands)

	YTDMar FY08	YTDFeb FY08	Change	YTDDec FY07	Change
Assets					
<i>Current Assets</i>					
Cash	5,548	770	4,779	1,684	3,865
Designated Cash	185	181	4	170	15
Accounts Receivable	70	59	11	90	(20)
Inventory	49	46	2	46	2
Prepays	747	754	(7)	767	(20)
Short Term Notes Receivable	1,588	1,698	(111)	2,730	(1,142)
<i>Total Current Assets</i>	<u>8,186</u>	<u>3,508</u>	<u>4,678</u>	<u>5,487</u>	<u>2,699</u>
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	2,580	8,143	(5,563)	5,255	(2,675)
Restricted Fund Accounts	20,628	18,661	1,967	15,872	4,756
<i>Total Limited Use Cash & Investments</i>	<u>23,208</u>	<u>26,804</u>	<u>(3,595)</u>	<u>21,127</u>	<u>2,081</u>
<i>Non-Current Assets</i>					
Fixed Assets- Net	2,661	2,636	25	2,885	(224)
Capitalized Bond Interest	2,465	1,835	630	147	2,318
Deferred Assets	2,733	2,983	(250)	3,022	(289)
LT Mortgage & Note Receivables	197,775	197,775	-	197,775	-
<i>Total Non-Current Assets</i>	<u>205,635</u>	<u>205,229</u>	<u>405</u>	<u>203,830</u>	<u>1,805</u>
Total Assets	<u>237,029</u>	<u>235,541</u>	<u>1,489</u>	<u>230,444</u>	<u>6,586</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	985	2,570	(1,586)	1,709	(724)
Short Term Obligations Debt	3,470	2,795	676	1,247	2,223
<i>Total Current Liabilities</i>	<u>4,455</u>	<u>5,365</u>	<u>(910)</u>	<u>2,956</u>	<u>1,499</u>
<i>Non-Current Liabilities</i>					
Advance Deposits	1,136	1,195	(59)	1,165	(29)
Capital	48,077	46,248	1,829	42,334	5,743
Amort of Capital	(1,287)	(1,189)	(99)	(1,001)	(286)
Long Term Liabilities	197,198	196,172	1,026	195,959	1,238
<i>Total Non-Current Liabilities</i>	<u>245,122</u>	<u>242,426</u>	<u>2,696</u>	<u>238,457</u>	<u>6,666</u>
Total Liabilities	<u>249,577</u>	<u>247,791</u>	<u>1,786</u>	<u>241,412</u>	<u>8,165</u>
Net Assets					
Unrestricted Net Assets	(11,074)	(11,074)	-	(5,251)	(5,823)
Temporarily Restricted	106	108	(2)	105	1
Current Year Increase (Decrease) In Net Assets	<u>(1,580)</u>	<u>(1,284)</u>	<u>(296)</u>	<u>(5,823)</u>	<u>4,243</u>
Total Net Assets	<u>(12,548)</u>	<u>(12,250)</u>	<u>(298)</u>	<u>(10,969)</u>	<u>(1,579)</u>
Total Liabilities and Net Assets	<u>237,029</u>	<u>235,541</u>	<u>1,489</u>	<u>230,444</u>	<u>6,586</u>

MLN
Statement of Operations by Natural Expense
All LOB, All Entities
Mar, FY08
(in thousands)

	Mar		YTD(Mar)		YTDDec	
	Actual	BudVar	Actual	BudVar	Forecast	FcstVar
Operating Revenue						
Resident Monthly Fees	306	20	889	75	4,352	174
Departmental Revenues	322	234	520	272	1,492	275
Total Operating Revenue	628	254	1,409	347	5,844	449
Operating Expense						
Wages	297	14	884	23	3,759	23
Employee Benefits	74	(5)	221	(19)	854	(19)
Other Employee Expense	3	14	50	7	189	18
Contract Labor Expense	79	18	237	42	1,156	48
Supplies Expense	78	(26)	189	(40)	771	(40)
Repairs and Maintenance Expense	12	(1)	90	(58)	208	(51)
Professional Fee Expense	(13)	20	15	4	86	4
Purchased Services Expense	141	0	422	0	1,686	0
Other Expense	161	5	418	71	2,020	39
Operating Reserve Expense	1	(1)	1	(1)	1	(1)
Total Operating Expense	832	39	2,528	29	10,731	20
Operating Income	(204)	293	(1,119)	376	(4,888)	469
Net Rent	16	0	47	(1)	186	(1)
Interest Expense	97	75	310	192	2,070	192
Investment Income	29	17	72	34	184	34
47770-Amortization Income	99	9	286	30	1,305	30
59910-Amortization Expense	14	(14)	42	(42)	42	(42)
59950-FF&E Depreciation Expense	87	(25)	207	(24)	822	(24)
68300-Letter of Credit Fees	6	(6)	214	(214)	214	(214)
Total Non-Operating Income	(92)	56	(461)	(25)	(1,844)	(25)
Increase (Decrease) in Net Assets	(296)	349	(1,580)	352	(6,731)	445

	Independent	Assisted Living	Skilled Nursing
Billed Units	141	#MISSING	#MISSING
Available Units	362	#MISSING	#MISSING
Occupancy %	39.0%	#MISSING	#MISSING

MLN
Statement of Cash Flows
Mar , FY08
(in thousands)

	Current	YTD
Cash Flows from Operating Activities		
Net Income	(296)	(1,580)
Adjustments to Reconcile Income		
Depreciation and Amortization Expense	101	249
Amortization Income	(99)	(286)
Realized (Gain) Loss on Investments	-	-
(Increase)/Decrease in Accounts Receivable	(11)	20
(Increase)/Decrease in Inventory	(2)	(2)
(Increase)/Decrease in Prepaid Expenses	7	20
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(1,586)	(724)
Net Cash Provided by Operating Activities	<u>(1,885)</u>	<u>(2,304)</u>
Cash Flows from Investing Activities		
(Increase)/Decrease in Short Term Notes	111	1,142
(Increase)/Decrease in Limited Use Cash and Investments	3,593	(2,080)
(Increase)/Decrease in Designated Cash	(4)	(15)
(Increase)/Decrease in Designated Securities	-	-
(Increase)/Decrease in Fixed Assets	(112)	17
(Increase)/Decrease in Capitalized Bond Interest	(630)	(2,318)
(Increase)/Decrease in Deferred Assets	236	247
(Increase)/Decrease in LT Mortgage & Note Receivables	-	-
Net Cash Used in Investing Activities	<u>3,194</u>	<u>(3,007)</u>
Cash Flows from Financing Activities		
Increase/(Decrease) in Advance Deposits	(59)	(29)
Increase/(Decrease) in Resident Deposits	1,829	5,743
Increase/(Decrease) in Short Term Obligations	676	2,223
Increase/(Decrease) in Long Term Liabilities	1,026	1,238
Net Cash Provided by Financing Activities	<u>3,471</u>	<u>9,176</u>
Increase (Decrease) in Cash	4,779	3,865
Aggregate Other Items to Reconcile Cash	-	-
Cash Beginning of Period	770	1,684
Cash End of Period	<u>5,548</u>	<u>5,548</u>

MONARCH LANDING®

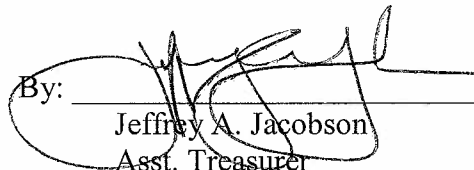
MONARCH LANDING COMPLIANCE CERTIFICATE

Monarch Landing, Inc. (“Monarch Landing”) HEREBY CERTIFIES that:

1. This Certificate is furnished pursuant to Section 8.08 (c) of the Loan Agreement dated as of December 1, 2007 (the “Agreement”) among Monarch Landing, Inc. and the Illinois Finance Authority.
2. The financial statements attached hereto have been prepared in accordance with generally accepted accounting principles and, to the best of my knowledge, reflect accurately and completely the financial condition and results of operation of the Borrower as of and for the period ended on the date of such statements.
3. As of March 31, 2008, Monarch Landing was in compliance with the covenants set forth in the Loan Agreement.

IN WITNESS WHEREOF, we have executed this Certificate as of April 28, 2008.

MONARCH LANDING, INC.

By: 
Jeffrey A. Jacobson
Asst. Treasurer