



**Lincolnshire Campus, LLC &
Sedgebrook, Inc.
Monthly Reporting Package
March 2008**

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1 Project Summary

Lincolnshire Campus, LLC

Project Overview

Project Description

Lincolnshire Campus is a 92 acre project located in Lincolnshire, Illinois. The community is marketed under the name Sedgebrook and will consist of approximately 1380 independent living apartments, 96 assisted living apartment and 132 skilled nursing beds upon its expected completion in 2011.

Financing Overview

- In August of 2007 Sedgebrook, Inc. closed \$136.9 million in Variable Demand Bonds;
- The bond issuance provided Sedgebrook, Inc with the funds to place a \$125M purchase deposit with Lincolnshire Campus, LLC. Lincolnshire Campus, in turn, paid off the \$60M construction revolver with Bank of America and the \$27M of sub debt financing with CNL.
- \$15 million Special Tax Service Bond District Financing which closed in July, 2004.
- Erickson has funded approximately \$16.6M in equity to date to cover sub debt interest.
- Erickson has funded approximately \$8.8M in short term funding to cover project expenses in excess of entrance fees and the purchase deposit.

Executive Summary

Marketing Overview

In March of 2008, the community had 17 initial deposits, 6 reservations and 3 settlements. Advertising and sales are working hard to increase the community's pipeline that currently consists of 72 reservations, 163 standbys and 104 futures.

Lincolnshire Campus, LLC

Critical Issues

Liens:

- On 12/18/07, K. Keup Concrete Construction, Inc. filed a lien in the amount of \$102,642.23 on the RB1.5 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 1/30/08, Walsh Landscape Construction, Inc. filed a lien in the amount of \$43,293.68 on the Sitework Phase 1B project. Walsh Landscape is a subcontractor to Erickson Construction. The issue involves unresolved change orders, as well as final retainage release. A bond will be provided for this lien.

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 to Begin</i>	<i>Projected to Open</i>
Residential Building 2.1	Mar-08	Mar-09

Proforma Update

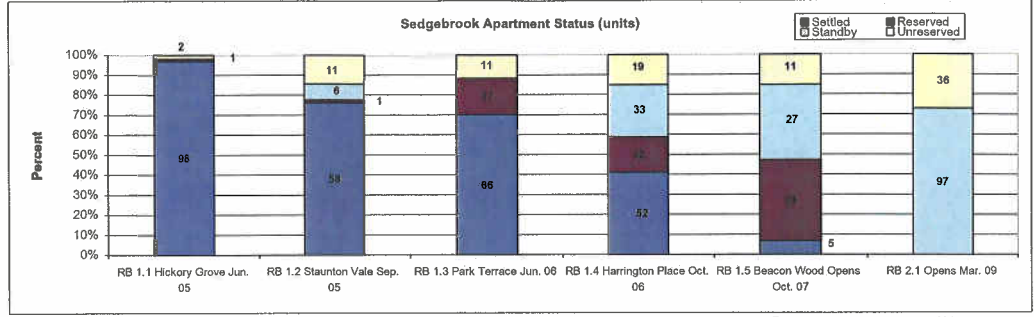
	Original Budget	CURRENT 3/31/2008 Budget	
Entrance Deposits	500	553	(1)
Purchase Price	83	105	(2)
Working Capital Payments	0	0	
Net Operating Lease	0	0	
Total Funds	582	658	
Project Costs	409	480	(3)
Financing Costs	46	106	(4)
Operations Start Up (Working Capital) Ex. Res	(7)	14	(5)
Development Fees	25	28	(6)
Total Costs	473	628	
Enterprise Margin	109	30	

(1) (2) (3) (4) (6) Variance is due primarily to revised slower absorption schedule and bond issuance.

(5) Variance is due primarily to 50/50 split on surplus recovery.

2 Marketing Reports

Apartment Status by Building as of 03-31-08



Total Units

	2004 Year End	2005 Year End	2006 Year End	2007 1st Qtr	2007 2nd Qtr	2007 3rd Qtr	2007 4th Qtr	2008 1st Qtr
Settled	0	105	201	211	232	252	270	279
Reservations	82	23	35	49	42	67	67	70
Standby	62	116	149	157	159	167	161	163
Futures	89	121	76	77	88	86	91	104
Total	233	365	461	494	521	572	589	616
Monthly Trends								
Net Settlements/Reservations/Standbys	12.0	8.3	11.8	10.7	5.3	17.7	4.0	
Settlements	0	8.8	8.0	3.3	7.0	6.7	6.0	

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 1.1	101	51	99	Test Satisfied
RB 1.2	76	38	69	Test Satisfied
RB 1.3	94	47	83	Test Satisfied
RB 1.4	125	63	74	Test Satisfied
RB 1.5	72	36	34	Test Satisfied
				Bonds Posted

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	279	RB 1.1	101
Reservations	70	RB 1.2	76
Standby	163	RB 1.3	94
Futures	104	RB 1.4	126
Total	616	RB 1.5	72
		RB 2.1	133
		RB 2.2	126
		Total	728

Bond Commitment	616	=	85%	Maximum Number of Units Completed & Under Construction Within Compliance:
Ratio	728			616 / 770 = 80%

*Settlement vs. Covenant

Original Covenant Requirement	PTD Monthly Average as of 3/31/08
N/A	8.2

NOTES:

Sedgebrook has satisfied the bond commitment ratio requirement through RB 2.2.

2008 Monthly Marketing Trend Report

Campus: Sedgebrook

Monthly Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Average
1 Net Apt Reservations (MS)*	4	3	6										13	4.33
* New	4	2	6										12	4.00
* Resale	0	1	0										1	0.33
2 Gross Reservations (MS)	7	9	13										29	9.67
3 No. of Total Settlements (MS)*	5	3	3										11	3.67
* New	4	2	3										9	3.00
* Resale	1	1	0										2	0.67
4 No. of Initial Deposits (MS)	21	8	17										46	15.33
5 Requests for Refunds (MS)	3	8	7										18	6.00
6 Total Kit Requests (OT)	492	496	585										1,573	524.33
* MJO (OT)	359	268	439										1,066	355.33
* Sales Office (OT)	124	222	140										486	162.00
* Walk-ins (OT)	9	6	6										21	7.00
HC Kit Requests	0	0	0										0	0
7 Total Apts (OT)**	58	31	58										147	49.00
* First Time Apts (OT)	34	17	25										76	25.33
* Non Depositor Repeat Apts (OT)	10	3	18										31	10.33
* Depositor Apts (OT)	14	11	15										40	13.33
8 Walk-in Apts (OT)	0	0	0										0	0
Pipeline														
9 Reserved but Unsettled (P)	69	69	72										72	70.00
* New	67	67	70										70	68.00
* Resale	2	2	2										2	2.00
10 Standby (P)	163	158	163										163	161.33
11 Futures (P)	103	105	104										104	104.00
12 Total Deposits w/o Settled Apts (C) [9+10+11]	335	332	339										339	335.33
13 Total Settled Apts (P)	264	265	268										268	265.67
Total New Settled Apts (BS)	274	276	279										279	276.33
14 No. of Unsettled Apts (PRU)	205	204	201										202	203.33
15 Apts released by keys not turned in	0	0	0										0	0
Ratio (Line 12/14) (C)	1.63	1.63	1.69	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.68	1.66

Notes

* Net Reservations = Gross Reservations - Reservations withdrawn

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



Marketing Summary

SED

Date Range [March 08]

LOC: Independent

Settlements	Count	Cash Collected	Current P-Note Due	Total
New	3	\$333,800	\$493,200	\$827,000
Resale	0	\$0	\$0	\$0
Total	3	\$333,800	\$493,200	\$827,000

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
New	8	5	3	7	3	\$4,735,000	\$827,000	\$2,556,000	\$1,352,000
Resale	0	0	0	0	0	\$0	\$0	\$0	\$0
Total	8	5	3	7	3	\$4,735,000	\$827,000	\$2,556,000	\$1,352,000

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
Futures	3	0	4	-1
Standby	6	5	6	5
Total	9	5	10	4

Initial Deposits	Initial Deposits	Priority List	Requests for Refund
Initial Deposits	17		
Requests for Refund	7		

∞ Total Anticipated Budget

**Erickson Retirement Communities
Lincolnshire Campus
Total Anticipated Budget
As of March 31, 2007**

	Actual Costs JTD	% Complete to Budget	Estimate to Complete	Estimate at Completion	Original Budget	Favorable/ (Unfavorable)	Notes
Entrance Deposits	89,189,250	16%	463,913,395	553,102,645	499,523,396	53,579,249	
Operating Lease	699,770	6%	11,235,743	11,935,513	16,709,748	(4,774,235)	
Interest on Excess Funds	0	0%	2,836,379	2,836,379	-	2,836,379	
Funds Held/WC Loan Repayment	(14,218,066)	13%	(94,877,920)	(109,095,986)	-	(109,095,986)	
Total Deposits	75,670,954	16%	383,107,597	458,778,551	516,233,144	(57,454,593)	A
Hard Costs - Building	107,266,320	32%	224,805,178	332,071,499	281,106,571	(50,964,928)	
Hard Costs - Sitework	14,876,228	64%	8,264,197	23,140,425	22,235,218	(905,207)	
Architecture	8,571,303	65%	4,585,240	13,156,543	9,100,789	(4,055,754)	
Engineering	2,957,026	67%	1,453,502	4,410,528	3,801,000	(609,528)	
Builder's Risk	209,245	36%	370,037	579,282	455,013	(124,269)	
Fees, Permits & Bonds	4,309,138	35%	7,898,401	12,207,539	9,197,015	(3,010,524)	
Development Fee	4,459,463	16%	23,196,271	27,655,733	24,976,168	(2,679,565)	
Outside Legal	301,980	29%	733,749	1,035,729	945,040	(90,689)	
Construction MNGT Fee	703,791	66%	361,476	1,065,267	4,550,126	3,484,859	
Phase Costs Before Contingency	143,654,494	35%	271,668,051	415,322,545	356,366,940	(58,955,605)	
Contingency	0	0%	6,780,757	6,780,757	9,560,958	2,780,201	
Total Phase Costs	143,654,494	34%	278,448,808	422,103,302	365,927,898	(56,175,404)	B
Department Costs							
Administration Department	1,697,746	53%	1,493,381	3,191,127	2,062,926	(1,128,201)	
Acquisitions and Development	6,407,403	50%	6,322,430	12,729,833	10,889,375	(1,840,458)	
Construction Management Services	492,346	0%	(492,346)	0	0		
Finance	361,117	18%	1,679,558	2,040,675	1,058,468	(982,207)	
Marketing Department	15,937,197	38%	25,700,058	41,637,255	28,177,403	(13,459,852)	
Information Services	687,370	38%	1,114,372	1,801,742	1,128,804	(672,938)	
Legal Department	255,646	50%	258,340	513,986	433,866	(80,120)	
Total Departmental Costs	25,838,826	42%	36,075,792	61,914,618	43,750,842	(18,163,776)	C
Total Hard & Soft Costs	169,493,320	35%	314,524,600	484,017,920	409,678,740	(74,339,180)	
Other Development Costs							
Land	21,079,819	100%	(0)	21,079,819	20,885,000	(194,819)	
Interest Costs	30,955,331	85%	5,286,602	36,241,933	25,903,964	(10,337,969)	
Financing Costs - L.O.C	2,065,370	69%	920,520	2,985,890	1,670,000	(1,315,890)	
Property Taxes	855,699	78%	248,047	1,103,746	1,654,088	550,342	
Capital Expenditures/	712,624	57%	544,793	1,257,417	300,000	(957,417)	
Community Loan Interest	(3,297,459)	#DIV/0!	3,297,459	-	(12,946,394)	(12,946,394)	
Total Other Development Costs	52,371,385	84%	10,297,420	62,668,805	37,466,658	(25,202,147)	D
Total Costs	221,864,705	41%	324,822,021	546,686,725	447,145,398	(99,541,327)	
Profit Margin	(146,193,751)		58,285,577	(87,908,174)	69,087,746	(156,995,920)	
Profit Margin %				-19.16%	13.38%	-32.54%	
Purchase Price				104,900,000			
Adjustment to Funds Held/WC Loan Repayment Net of \$70M Bond Financing				39,199,682			
Start Up Loss Adjustment				(14,400,000)			
Operating Lease Adjustment				(11,935,513)			
Total Adjustments				117,764,169			
Enterprise Value				29,855,995			

Lincolnshire Campus, LLC

\$'s in Millions

Variances to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
1 Revised Unit Mix and increased building square footages to address more demand for 2 bedrooms and updated 2005 pricing for all Residential Buildings (2004)			
Deposits	A	15.4	
Operating Lease	A	4.8	
Development Fees	B	(0.8)	
Phase Costs	B	<u>(15.1)</u>	4.3
2 RB1.3 through RB3.4 costs increased from \$95 to \$97 per sqft due to materials increases (2004)			
Phase Costs	B	<u>(2.2)</u>	(2.2)
3 Change in the calculation assumption for sanitation fees permits by Lake County (fees were only based on RB units, but were changed to include CB costs as well) & assumption change for VOL permitting fees to include parking decks, RGs and misc. structures, in addition to CB's and RB's (2004)			
Phase Costs	B	<u>(2.9)</u>	(2.9)
4 Lincolnshire Campus enters into ground lease agreement with CNL, which had not been anticipated in original budget (2004)			
Other Development Costs	D	<u>(20.3)</u>	(20.3)
5 Increase in projection of departmental costs as part of annual budget review (2004 & 2005)			
Other Development Costs	C	<u>(1.3)</u>	(1.3)
6 Lincolnshire Campus obtains additional financing from Legg Mason, which includes interest payments and closing costs that were not anticipated in original budget - (\$8.2M). The Legg Mason financing caused an offsetting decrease in construction loan interest - \$5.4M (2004)			
Other Development Costs	D	<u>(2.8)</u>	(2.8)
7 Erickson Construction assumes the General Contractor role for all phases after RB1.4, therefore decreasing construction mgmt fee budget (2004)			
Phase Costs	B	<u>3.5</u>	3.5
8 Revised Unit Mix to reflect new generation unit mix plans, offset against correction of overstated parking fees in budget (2005)			
Deposits	A	1.5	
Development Fees	B	<u>(0.1)</u>	1.4
9 Increase in construction loan rates from 8.25% to 8.5% (2005)			
Other Development Costs	D	<u>(3.8)</u>	(3.8)
10 Increase of NH1 active phase costs, and projected costs by \$9 per sqft costs, and project CB cost (from \$180 to \$205) due to materials cost escalation. Also, added cost for PKD2 due to increase in parking spaces from 589 to 634. (2005 & 2006)			
Phase Costs	B	(8.0)	
Other Development Costs	D	<u>(7.4)</u>	(15.4)
11 Delay of project schedule due to slower than anticipated absorption rate in Chicago market (2007)			
Deposits	A	16.5	
Development Fees	B	(0.8)	
Working Capital	A	(8.0)	
Phase Costs	B	(7.9)	
Departmental Costs	C	(15.9)	
Other Development Costs	D	<u>(4.8)</u>	(20.9)
12 Adjustment of operating lease due to change in rate and a decrease in the mortgage period, from 40 to 30 years (2007)			
Operating Lease	A	<u>0.7</u>	0.7
13 Adjustment of funds held related to converting to updating metrics w/ historical performance (2007)			
Working Capital	A	(7.0)	
Other Development Costs	D	<u>(9.0)</u>	(16.0)
14 RB1.5 through RB2.2 costs adjusted for cost increase of steel - from \$103 to \$115 per sqft. Also, construction plans for RB2.3 through RB3.4 were changed from steel to woodframe due to rising cost of steel = \$4.7, and included a change from parking decks to underground parking for RB2.3 through RB3.4 - (\$6.7) (2007) Costs were offset by an increase of 5% in pricing per unit from RB1.5 and thereafter as a result of the annual market analysis review (2007)			
Deposits	A	14.1	
Development Fees	B	(0.7)	
Phase Costs	B	(7.7)	
Other Development Costs	D	<u>(2.9)</u>	2.8

Lincolnshire Campus, LLC

\$'s in Millions

Variations to Original Proforma by Reason

	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
15 Unit Mix Changes (2007) Phase Costs	B	<u>(3.3)</u>	(3.3)
16 Bond Issuance (2007) Funds held to cover operating deficits and debt service on bond	A	(87.3)	
Financing Costs (Pay off construction loan)	D	32.4	
Interest on Excess Funds	A	2.0	
Community Loan Interest	D	<u>(1.6)</u>	(54.5)
17 Purchase date assumed to take place in December 2015 (2007) Operating Lease	A	<u>(8.7)</u>	(8.7)
18 Update RG assumptions to 100% collection of deposits based on historical experience (2007) Deposits	A	5.9	
Development Fees	B	<u>(1.0)</u>	4.9
19 Cost per square foot increases due to steel cost escalation - RB2.1-RB2.2 (\$115 to \$128.05 per sqft); CB20-CB30 (\$205 to \$223.3), and bridges (2,898.38 to \$4,485) (2007) Phase Costs	B	<u>(10.1)</u>	(10.1)
20 RG10 Acceleration from 03/11 to 07/09 (2007) Deposits	A	(1.7)	
Phase Costs	B	<u>1.0</u>	(0.7)
21 Slow absorption schedule from 12.07 to 11.76 average settlements per month (2007) Funds Held/WC Loan	A	(5.7)	
Other Development Costs	D	<u>(0.6)</u>	(6.3)
22 Increase departmental costs due to proforma update with 2008 budget (2007) Departmental Costs	C	<u>(1.0)</u>	(1.0)
23 Interest on working capital loan is not part of enterprise value calculation (2007) Other Development Costs	D	<u>(3.0)</u>	(3.0)
24 Other Other Development Costs	D	<u>(1.5)</u>	(1.5)
			<u>(157.0)</u>

Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	(57.6)
B Phase Costs	(56.1)
C Departmental Costs	(18.1)
D Other Development Costs	(25.2)
Total Variance	<u>(157.0)</u>

4 Project Schedule

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

Project	Original Scheduled Completion Date	Current Scheduled Completion Date	Variance (in Months)
Community Building 1.0	Jun-05	Jun-05	0
Transitional Spaces	Mar-09	Oct-09	(7)
Residential Building 1.1	Jun-05	Jun-05	0
Residential Building 1.2	Sep-05	Sep-05	0
Residential Building 1.3	Jun-06	Jun-06	0
Residential Building 1.4	Oct-06	Oct-06	0
Residential Building 1.5	Oct-07	Oct-07	0
Community Building 2.0	Mar-09	Oct-09	(7)
Residential Building 2.1	Jul-08	Mar-09	(8)
Residential Building 2.2	Mar-09	Oct-09	(7)
Residential Building 2.3	Oct-09	Sep-10	(11)
Residential Building 2.4	Jun-10	Jul-11	(13)
Community Building 3.0	Sep-11	Oct-12	(13)
Residential Building 3.1	Mar-11	Mar-12	(12)
Residential Building 3.2	Sep-11	Oct-12	(13)
Residential Building 3.3	Apr-11	Aug-13	(28)
Residential Building 3.4	Apr-12	Sep-13	(17)
Bridge 10 (CB1.0 to RB1.1)	Sep-05	Sep-05	0
Bridge 30 (RB 1.3 to RG2.0)	Apr-12	Sep-13	(17)
Bridge 50	Apr-11	Sep-13	(29)
Bridge 60 (RB3.3 to RB3.4)	Apr-12	Aug-13	(16)
Chapel 1	Mar-11	Mar-12	(12)
Gate House 1	Jun-05	Jun-05	0
Maintenance Building 1	Oct-09	Sep-10	(11)
Marketing Center 1	Nov-03	Nov-03	0
Parking Deck 1	Jun-05	Jun-05	0
Parking Deck 2	Jun-06	Jun-06	0
Extended Care 1.0	Jun-10	Jul-09	11
Extended Care 2.0	Apr-12	Sep-13	(17)

19 Landowner Financial Statements

ERICKSON RETIREMENT COMMUNITIES
Lincolnshire Campus
Landowner Balance Sheet
Mar, FY08

8 11:04 AM

	<u>Current Balance</u>	<u>Prior Year End Balance</u>	<u>Change from Prior Year</u>
ASSETS			
Current Assets			
Cash	172,135	149,736	22,399
Assets Limited as to Use	1,831	1,575	256
Other Current Assets	<u>1,184,845</u>	<u>1,419,845</u>	<u>(235,000)</u>
Total Current Assets	1,358,811	1,571,155	(212,345)
Fixed Assets			
Land and Improvements	24,390,675	24,390,675	-
Buildings	143,720,430	143,395,305	325,125
Other Fixed Assets	<u>2,394,248</u>	<u>2,326,109</u>	<u>68,139</u>
Total Fixed Assets	<u>170,505,353</u>	<u>170,112,090</u>	<u>393,263</u>
Accumulated Depreciation	<u>(8,245,302)</u>	<u>(7,198,985)</u>	<u>(1,046,318)</u>
Total Fixed Assets net of Depreciation	162,260,051	162,913,105	(653,054)
Construction in Progress	<u>16,105,916</u>	<u>12,157,640</u>	<u>3,948,276</u>
Total Fixed Assets, Net and CIP	178,365,967	175,070,745	3,295,222
Other Assets			
Community Note Receivable	15,122,612	15,048,558	74,053
Deferred Financing Costs, net	<u>441,691</u>	<u>447,195</u>	<u>(5,504)</u>
Total Other Assets	15,564,303	15,495,753	68,549
TOTAL ASSETS	<u>195,289,080</u>	<u>192,137,654</u>	<u>3,151,427</u>
LIABILITIES & MEMBERS' CAPITAL			
Current Liabilities			
Accounts Payable	65,783	105,334	(39,551)
Construction G.C. Payable	1,235,633	1,175,599	60,034
Retainage Payable	532,906	640,763	(107,857)
Other Current Liabilities	255,501	395,931	(140,430)
Short-Term Interest Payable	228,250	-	228,250
ERC Short-Term Funding	8,809,763	4,309,763	4,500,000
Development Fees Payable	54,268	119,645	(65,378)
Intercompany	<u>938,354</u>	<u>394,779</u>	<u>543,575</u>
Total Current Liabilities	12,120,458	7,141,814	4,978,643
Long-Term Liabilities			
Mortgage Payable	74,194,201	74,323,341	(129,140)
Bonds Payable	14,765,000	15,000,000	(235,000)
Purchase Option Deposit	<u>125,000,000</u>	<u>125,000,000</u>	<u>-</u>
Total Long-Term Liabilities	213,959,201	214,323,341	(364,140)
Total Liabilities	226,079,659	221,465,156	4,614,503
Members' Capital			
Members' Capital	(1,700,000)	(1,700,000)	-
Members' Capital Sub-Debt Interest	12,150,000	12,150,000	-
Development Fee Distributions	(4,459,463)	(4,277,988)	(181,475)
Retained Earnings	(35,499,515)	(35,499,515)	-
Current Year's Income (Loss)	<u>(1,281,601)</u>	<u>-</u>	<u>(1,281,601)</u>
Total Members' Capital	(30,790,578)	(29,327,502)	(1,463,076)
TOTAL LIABILITIES & MEMBERS' CAPITAL	<u>195,289,080</u>	<u>192,137,654</u>	<u>3,151,427</u>

ERICKSON RETIREMENT COMMUNITIES
Lincolnshire Campus
Landowner Income Statement
Mar, FY08

04/21/08 11:05 AM

	Period Activity	Period Budget	Period Variance	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance
Departmental Expenses						
Development Administration	55,844	93,271	37,427	238,541	276,812	38,271
Construction Manganement Services	99,826	3,647	(96,179)	260,333	10,940	(249,393)
Administration	48,075	46,386	(1,689)	144,225	139,159	(5,066)
Marketing	241,328	197,911	(43,417)	624,223	590,839	(33,384)
Sales and Information	80,022	121,613	41,591	265,926	357,850	91,924
Information Services	16,884	16,884	-	50,653	50,653	0
Legal	3,914	3,914	-	11,743	11,743	-
Capitalized Costs	(304,566)	(285,716)	18,850	(971,420)	(847,157)	124,263
Net Departmental Expense	241,328	197,911	(43,417)	624,223	590,839	(33,384)
Other Operating Expenses						
Bank Charges/Other Fees	195	-	(195)	216	-	(216)
Depreciation	350,115	336,024	(14,091)	1,046,318	992,813	(53,505)
Amortization	1,835	-	(1,835)	5,504	-	(5,504)
Total Other Operating Expenses	352,145	336,024	(16,121)	1,052,037	992,813	(59,225)
Total Operating Expenses	593,473	533,934	(59,538)	1,676,260	1,583,651	(92,609)
Non-Operating Revenue						
Note Rec/Other Interest	82,356	-	82,356	265,476	-	265,476
Community Lease Revenue	387,398	312,536	74,862	1,150,652	962,696	187,956
Total Non-Operating Revenue	469,754	312,536	157,218	1,416,128	962,696	453,432
Non-Operating Expenses						
Interest Expense LOC, net(Sub-debt)	-	76,083	76,083	(979)	384,333	385,313
Mortgage Interest Expense	314,853	282,677	(32,176)	933,556	856,843	(76,713)
Financing Costs	4,260	4,000	(260)	10,479	12,000	1,521
Real Estate & Other Taxes	78,412	-	(78,412)	78,412	-	(78,412)
Total Non-Operating Expenses	397,525	362,760	(34,765)	1,021,469	1,253,176	231,708
NET INCOME (LOSS)	(521,244)	(584,159)	62,915	(1,281,601)	(1,874,132)	592,531

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

04/21/08 11:05 AM

	<u>Period Activity</u>	<u>Year-to-Date</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	(521,244)	(1,281,601)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	350,115	1,046,318
Amortization	1,835	5,504
Changes in:		
Assets Limited as to Use	(1,707)	(256)
Other Current Assets	235,000	235,000
Current Liabilities	(87,081)	(179,982)
Interest Payable	76,083	228,250
ERC Short-Term Funding	1,700,000	4,500,000
Development Fees Payable	(7,558)	(65,378)
Intercompany	<u>285,871</u>	<u>543,575</u>
Net Cash (Used In) Provided by Operating Activities	2,031,316	5,031,430
Cash Flows from Investing Activities:		
CIP and Other Fixed Assets	<u>(1,556,768)</u>	<u>(4,341,540)</u>
Net Cash (Used In) Provided by Investing Activities	(1,556,768)	(4,341,540)
Cash Flows from Financing Activities:		
Deferred Financing Costs	-	-
Community Note Receivable	(582,356)	(74,053)
Retainage Withheld (Released)	(103,160)	(107,857)
Mortgage Proceeds	-	-
Principal Repayments - Mortgage	(43,226)	(129,140)
Change in General Contractor Payable	435,546	60,034
Proceeds (Repay) of Purchase Deposit	-	-
Members' Capital	-	-
Members' Drawing	<u>(54,268)</u>	<u>(181,475)</u>
Net Cash (Used In) Provided by Financing Activities	<u>(347,463)</u>	<u>(432,491)</u>
Change in Cash	(107,916)	22,399
Beginning Cash Balance	<u>280,051</u>	<u>149,736</u>
Ending Cash Balance	<u><u>172,135</u></u>	<u><u>172,135</u></u>

9 Community Financial Statements

SED
Comparative Balance Sheet
(in thousands)

	YTDMar FY08	YTDFeb FY08	Change	YTDDec FY07	Change
Assets					
<i>Current Assets</i>					
Cash	799	858	(59)	488	311
Designated Cash	117	101	17	99	18
Accounts Receivable	163	148	15	157	6
Inventory	50	53	(3)	58	(8)
Prepays	506	570	(64)	535	(29)
Short Term Notes Receivable	1,740	1,217	524	2,216	(476)
<i>Total Current Assets</i>	<u>3,375</u>	<u>2,946</u>	<u>429</u>	<u>3,554</u>	<u>(179)</u>
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	2,171	2,808	(637)	2,283	(112)
Restricted Fund Accounts	14,103	13,709	393	13,040	1,062
<i>Total Limited Use Cash & Investments</i>	<u>16,274</u>	<u>16,518</u>	<u>(244)</u>	<u>15,324</u>	<u>950</u>
<i>Non-Current Assets</i>					
Fixed Assets- Net	2,372	2,310	62	2,493	(121)
Capitalized Bond Interest	4,349	3,822	527	2,783	1,566
Deferred Assets	2,328	2,322	6	2,318	10
LT Mortgage & Note Receivables	198,668	198,711	(43)	198,797	(129)
<i>Total Non-Current Assets</i>	<u>207,716</u>	<u>207,164</u>	<u>552</u>	<u>206,391</u>	<u>1,325</u>
Total Assets	<u>227,365</u>	<u>226,627</u>	<u>737</u>	<u>225,268</u>	<u>2,096</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	1,840	2,479	(639)	2,531	(691)
Resident Refunds	271	507	(236)	476	(205)
Short Term Obligations Debt	3,603	3,106	497	2,180	1,423
<i>Total Current Liabilities</i>	<u>5,714</u>	<u>6,092</u>	<u>(378)</u>	<u>5,187</u>	<u>527</u>
<i>Non-Current Liabilities</i>					
Advance Deposits	1,866	1,797	69	1,550	317
Parking Deposits	1,236	1,236	-	1,236	-
Capital	88,323	87,496	827	85,493	2,830
Amort of Capital	(3,859)	(3,678)	(181)	(3,321)	(538)
Long Term Liabilities	151,354	150,772	582	151,282	73
<i>Total Non-Current Liabilities</i>	<u>238,920</u>	<u>237,623</u>	<u>1,296</u>	<u>236,239</u>	<u>2,680</u>
Total Liabilities	<u>244,633</u>	<u>243,715</u>	<u>918</u>	<u>241,426</u>	<u>3,207</u>
Net Assets					
Unrestricted Net Assets	(16,291)	(16,291)	-	(12,347)	(3,943)
Temporarily Restricted	139	137	2	133	6
Current Year Increase (Decrease) In Net Assets	(1,117)	(934)	(183)	(3,943)	2,826
Total Net Assets	<u>(17,269)</u>	<u>(17,088)</u>	<u>(181)</u>	<u>(16,158)</u>	<u>(1,111)</u>
Total Liabilities and Net Assets	<u>227,365</u>	<u>226,627</u>	<u>737</u>	<u>225,268</u>	<u>2,097</u>

SED
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	577	(39)	1,719	(86)	7,548	(746)
Departmental Revenues	370	227	582	173	1,791	(6)
Total Operating Revenue	947	188	2,301	88	9,339	(752)
Operating Expense						
Wages	344	35	1,012	93	4,184	382
Employee Benefits	92	(4)	251	7	1,005	59
Other Employee Expense	11	20	58	23	259	66
Contract Labor Expense	126	(18)	282	34	1,165	169
Supplies Expense	101	(8)	252	17	1,130	96
Repairs and Maintenance Expense	20	(8)	67	(32)	159	(8)
Professional Fee Expense	6	3	15	11	105	-
Purchased Services Expense	151	0	453	0	1,810	0
Other Expense	187	73	730	117	3,131	156
Operating Reserve Expense	4	(4)	6	(6)	6	(6)
Total Operating Expense	1,040	91	3,128	262	12,955	915
Operating Income	(93)	278	(827)	349	(3,616)	163
Net Rent	73	(43)	217	(111)	870	(595)
Interest Expense	82	(36)	265	(83)	425	(205)
Investment Income	9	(4)	48	11	161	11
47770-Amortization Income	181	(16)	538	(38)	2,302	(350)
59910-Amortization Expense	6	0	17	0	67	0
59950-FF&E Depreciation Expense	67	12	211	25	958	100
68300-Letter of Credit Fees	52	(44)	167	(143)	689	(591)
68900-Building Depreciation Expense	-	-	-	-	-	3
Total Non-Operating Income	(90)	(130)	(290)	(339)	(546)	(1,628)
Increase (Decrease) in Net Assets	(183)	148	(1,117)	10	(4,161)	(1,464)

	Independent	Assisted Living	Skilled Nursing
Billed Units	268	#MISSING	#MISSING
Available Units	469	#MISSING	#MISSING
Occupancy %	57.2%	#MISSING	#MISSING

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

	Current	YTD
Cash Flows from Operating Activities		
Net Income	(183)	(1,117)
Adjustments to Reconcile Income		
Depreciation and Amortization Expense	73	228
Amortization Income	(181)	(538)
Unrealized (Gain) Loss on Investments	0	(3)
Realized (Gain) Loss on Investments	-	-
(Increase)/Decrease in Accounts Receivable	(15)	(6)
(Increase)/Decrease in Inventory	3	8
(Increase)/Decrease in Prepaid Expenses	64	29
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(639)	(691)
Net Cash Provided by Operating Activities	<u>(878)</u>	<u>(2,090)</u>
Cash Flows from Investing Activities		
(Increase)/Decrease in Short Term Notes	(524)	476
(Increase)/Decrease in Limited Use Cash and Investments	246	(944)
(Increase)/Decrease in Designated Cash	(17)	(18)
(Increase)/Decrease in Designated Securities	0	3
(Increase)/Decrease in Fixed Assets	(130)	(89)
(Increase)/Decrease in Capitalized Bond Interest	(527)	(1,566)
(Increase)/Decrease in Deferred Assets	(12)	(27)
(Increase)/Decrease in LT Mortgage & Note Receivables	43	129
Net Cash Used in Investing Activities	<u>(920)</u>	<u>(2,036)</u>
Cash Flows from Financing Activities		
Increase/(Decrease) in Resident Refunds	(236)	(205)
Increase/(Decrease) in Advance Deposits	69	317
Increase/(Decrease) in Parking Deposits	-	-
Increase/(Decrease) in Resident Deposits	827	2,830
Increase/(Decrease) in Short Term Obligations	497	1,423
Increase/(Decrease) in Long Term Liabilities	582	73
Net Cash Provided by Financing Activities	<u>1,738</u>	<u>4,437</u>
Increase (Decrease) in Cash	(59)	311
Aggregate Other Items to Reconcile Cash	0	0
Cash Beginning of Period	858	488
Cash End of Period	<u>799</u>	<u>799</u>

SEDGEBROOK

SEDGEBROOK COMPLIANCE CERTIFICATE

Sedgebrook, Inc. ("Sedgebrook") HEREBY CERTIFIES that:

1. This Certificate is furnished pursuant to Section 8.08 (c) of the Loan Agreement dated as of August 1, 2007 (the "Agreement") among Sedgebrook, 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, Sedgebrook 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.

SEDGEBROOK, INC.

By: _____


Jeffrey A. Jacobson
Asst. Treasurer