



**Kansas Campus, LLC
Monthly Reporting Package
March 2008**

Table of Contents

	<u><i>Section</i></u>
<i>Project Summary</i>	<i>1</i>
<i>Marketing Reports</i>	<i>2</i>
<i>Total Anticipated Budget/Analysis</i>	<i>3</i>
<i>Project Schedule</i>	<i>4</i>
<i>Monthly Landowner Financial Statements</i>	<i>5</i>
<i>Monthly Community Financial Statements</i>	<i>6</i>
<i>Supplemental Compliance Information</i>	<i>7</i>

← Project Summary

Kansas Campus, LLC

Project Overview

Project Description

Kansas Campus is a 64.9 acre project located in Overland Park, Kansas. The community is marketed under the name Tall Grass Creek and will consist of approximately 1,100 independent living apartments, 64 assisted living apartment and 88 skilled nursing beds upon its expected completion in 2013.

Financing Overview

- Kansas Campus closed on a \$65M Construction Loan with PNC Bank in April 2007.
- Kansas Campus closed on \$25M in Sub-Debt Financing with Morgan Stanley in April 2007.
- \$15M of "Special Tax District" bonds with an interest rate of 6% closed in December 2006
- Erickson has funded approximately \$2.1M in equity to date to cover sub debt interest.

Executive Summary

Marketing Overview

Tallgrass Creek continued its solid start into 2008. Through the end of March, the community had 20 initial deposits and currently has 41 reservations, 104 standbys and 65 futures in its pipeline.

Kansas Campus, LLC

Critical Issues

Liens:

- On 12/27/07, Enright Plumbing, Inc. filed a Notice of Extension to File a Lien on the CB1.0 project. Enright Plumbing is a subcontractor to Erickson Construction. The issue involves unresolved change orders, as well as final retainage release. Both parties are actively working to resolve the issues. A bond will be provided for this lien.
 - On 2/12/08, Houston-Stafford Electric filed a lien in the amount of \$160,963.20 on the RB1.1 project. Houston-Stafford is a subcontractor to Erickson Construction. The issue involves unresolved change orders, as well as final retainage release. Both parties are actively working to resolve the issues. A bond will be provided for this lien.
 - On 4/9/08, Environmental Mechanical Contractors, Inc. filed a lien in the amount of \$215,534.26. Environmental is a subcontractor to Erickson Construction on the CB1.0 project. The issue involves unresolved claims orders of approx. \$140k, as well as their final retainage release of approx. \$75k. Both parties are actively working to resolve the issues, and a meeting is scheduled in mid-April to further discuss a settlement. A bond will be provided for this lien.
- We are currently re-evaluating demand and inventory to determine the most prudent building schedule.

Active Phase Status

<i>Phase/Item</i>	<i>Construction Began</i>	<i>Projected to Open</i>
Residential Building 1.1	Oct-06	Oct-07
Community Building 1.0	Oct-06	Oct-07
Residential Building 1.2	Apr-07	Mar-08
Sitework 1.0	Oct-06	N/A

Proforma Update

	Original Budget	CURRENT 3/31/2008 Budget
Entrance Deposits	319	332 (1)
Purchase Price	41	55 (2)
Working Capital Payments	0	
Net Operating Lease	0	
Total Funds	360	387
Project Costs	248	273 (3)
Financing Costs	45	59 (4)
Operations Start Up (Working Capital) Ex. Reserves	21	26 (5)
Development Fees	16	17
Total Costs	330	374
Enterprise Margin	30	13

(1) Variance is due primarily to RG collection assumption change.

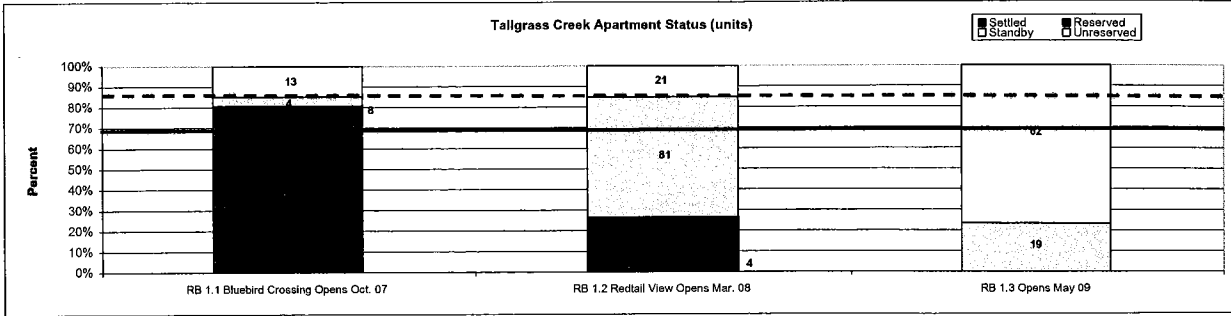
(2) Variance is due to lower regional factor, and well as an increase in monthly fee pricing of 2.3%.

(3) (4) Variance is due primarily to materials cost escalation and unanticipated conditions.

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

2 Marketing Reports

Apartment Status by Building as of 03-31-08



Total Units

88

139

81

	2008 Year End	2007 1st Qtr	2007 2nd Qtr	2007 3rd Qtr	2007 4th Qtr	2008 1st Qtr
Settled	0	0	0	0	59	67
Reservations	0	53	58	60	54	41
Standby	111	68	94	93	108	104
Futures	13	20	24	40	55	85
Total	124	139	176	223	275	277
Monthly Trends						
Net Settlements/Reservations/Standbys	37.0	2.7	11.0	10.3	12.3	
Settlements	0	0.0	0.0	0.0	19.3	

Anticipated Construction Test:

In order to start construction on new building, current buildings must be 85% Settled, Reserved, or Standby and there must be 70% of the new building under Standby

		Units	Test	Required Reserved/Standby	Settled	Reserved	Standby	Total	Needed	
Current Buildings	RB 1.1	88	85%	75	83	8	4	75	0	Test Satisfied
Began Const. Apr. 07	RB 1.2	139	85%	118	4	33	81	118	0	Test Satisfied
Construction Test for Funding of Next Building Begins Const. July 08	RB 1.3	81	70%	57	0	0	19	19	38	

*Settlement vs. Covenant

Covenant Requirement
N/A

PTD Monthly Average as of 3/31/08
11.2

*Test to break escrow is not applicable

NOTES:

We need 38 more standbys to meet the construction test for RB 1.3.

2008 Monthly Marketing Trend Report

Campus: Tallgrass Creek

Monthly Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Average
1 Net Apt Reservations (MS)*	0	4	2										6	2.00
* New	0	4	2										6	2.00
* Resale	0	0	0										0	0
2 Gross Reservations (MS)	11	7	7										25	8.33
3 No. of Total Settlements (MS)*	0	3	6										9	3.00
* New	0	3	6										9	3.00
* Resale	0	0	0										0	0
4 No. of Initial Deposits (MS)	15	5	9										29	9.67
5 Requests for Refunds (MS)	5	6	6										17	5.67
6 Total Kit Requests (OT)	321	244	299										864	288.00
* MJO (OT)	215	154	164										533	177.67
* Sales Office (OT)	95	79	121										295	98.33
* Walk-ins (OT)	11	11	14										36	12.00
HC Kit Requests	0	0	0										0	0
7 Total Appts (OT)**	56	55	80										191	63.67
* First Time Appts (OT)	32	21	33										86	28.67
* Non Depositor Repeat Appts (OT)	7	6	14										27	9.00
* Depositor Appts (OT)	17	28	33										78	26.00
8 Walk-in Appts (OT)	1	3	0										4	1.33
Pipeline														
9 Reserved but Unsettled (P)	44	45	41										41	43.33
* New	44	45	41										41	43.33
* Resale	0	0	0										0	0
10 Standby (P)	114	105	104										104	107.67
11 Futures (P)	60	64	65										65	63.00
12 Total Deposits w/o Settled Appts (C) [9+10+11]	218	214	210										210	214.00
13 Total Settled Appts (P)	58	61	67										67	62.00
Total New Settled Appts (BS)	58	61	67										67	62.00
14 No. of Unsettled Appts (PRU)	169	166	160										160	165.00
15 Appts released by keys not turned in	0	0	0										0	0
Ratio (Line 12/14) (C)	1.29	1.29	1.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.31	1.30

Notes

* Net Reservations = Gross Reservations - Reservations withdrawn

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



Marketing Summary

TCK

Date Range [3/1/08 thru 3/31/08]

LOC: Independent

Settlements	Count	Cash Collected	Current P-Note Due	Total
New	6	\$694,026	\$888,975	\$1,583,000
Resale	0	\$0	\$0	\$0
Total	6	\$694,026	\$888,975	\$1,583,000

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits		Reservations		Net Reservations
						Reserved	Settled	Withdrawn	Reservations	
New	2	5	6	5	-4	\$1,975,000	\$1,583,000	\$1,336,000	-\$944,000	\$0
Resale	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0
Total	2	5	6	5	-4	\$1,975,000	\$1,583,000	\$1,336,000	-\$944,000	\$0

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
Futures	3	0	2	1
Standby	4	3	8	-1
Total	7	3	10	0

Initial Deposits	Initial Deposits	Requests for Refund
Initial Deposits	9	6

∞ Total Anticipated Budget

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

	<u>Actual Costs JTD</u>	<u>% Complete to Budget</u>	<u>Estimate to Complete</u>	<u>Estimate at Completion</u>	<u>Original Budget</u>	<u>Favorable/ (Unfavorable)</u>	Notes
Entrance Deposits	15,760,600	5%	316,225,227	331,985,827	318,262,397	13,723,430	
Operating Lease	90,796	1%	11,248,615	11,339,411	11,495,691	(156,280)	
Funds Held/WC Loan Repayment	0	0%	(27,890,100)	(27,890,100)	(12,297,930)	(15,592,170)	
Total Deposits	15,851,396	5%	299,583,742	315,435,138	317,460,158	(2,025,020)	A
Hard Costs - Building	36,291,940	23%	121,197,626	157,489,566	144,005,940	(13,483,626)	
Hard Costs - Sitework	15,697,834	67%	7,821,353	23,519,187	19,193,119	(4,326,068)	
Architecture	5,825,736	50%	5,932,775	11,758,511	10,469,774	(1,288,737)	
Engineering	2,972,328	69%	1,348,167	4,320,495	3,634,697	(685,798)	
Builder's Risk	55,496	8%	647,232	702,728	643,153	(59,575)	
Fees, Permits & Bonds	1,340,431	27%	3,658,853	4,999,284	4,951,054	(48,230)	
Development Fee	788,030	5%	15,811,263	16,599,293	15,913,120	(686,173)	
Outside Legal	241,183	22%	841,263	1,082,446	811,523	(270,923)	
Phase Costs Before Contingency	63,212,978	29%	157,258,533	220,471,510	199,622,380	(20,849,130)	
Contingency	0	0%	3,894,697	3,894,697	5,303,835	1,409,138	
Total Phase Costs	63,212,978	28%	161,153,230	224,366,207	204,926,215	(19,439,992)	B
Department Costs							
Administration Department	636,766	28%	1,635,768	2,272,534	2,633,333	360,799	
Acquisitions and Development	2,289,144	24%	7,264,344	9,553,488	8,329,167	(1,224,321)	
Construction Services	277,753	0%	(277,753)	0	0	-	
Finance	0	0%	1,825,944	1,825,944	730,750	(1,095,194)	
Marketing Department	6,317,751	23%	21,100,690	27,418,441	23,662,380	(3,756,061)	
Information Services	260,905	18%	1,215,678	1,476,583	803,167	(673,416)	
Legal Department	58,711	17%	281,826	340,537	322,583	(17,954)	
Total Departmental Costs	9,841,030	23%	33,046,497	42,887,527	36,481,380	(6,406,147)	C
Total Hard & Soft Costs	73,054,008	27%	194,199,727	267,253,734	241,407,595	(25,846,139)	
Other Development Costs							
Land	20,254,249	100%	(0)	20,254,249	20,252,445	(1,804)	
Interest Costs	8,482,586	15%	46,599,350	55,081,936	43,114,942	(11,966,994)	
Financing Costs - L.O.C	2,822,153	78%	809,000	3,631,153	1,180,627	(2,450,526)	
Property Taxes	45,006	6%	654,668	699,674	587,321	(112,353)	
Capital Expenditures/	412,946	36%	728,432	1,141,378	1,175,730	34,352	
Community Loan Interest	(301,123)	#DIV/0!	301,123	-	-	-	
Total Other Development Costs	31,715,818	39%	49,092,572	80,808,390	66,311,065	(14,497,325)	D
Total Costs	104,769,825	30%	243,292,299	348,062,124	307,718,660	(40,343,464)	
Profit Margin	(88,918,429)		56,291,443	(32,626,986)	9,741,498	(42,368,484)	
Profit Margin %				-10.34%	3.07%	-13.41%	
Purchase Price				54,600,000			
Adjustment to Funds Held/WC Loan Repayment				27,890,100			
Start Up Loss Adjustment				(25,800,000)			
Operating Lease Adjustment				(11,339,411)			
Total Adjustments				45,350,689			
Enterprise Value				12,723,703			

Kansas Campus, LLC

\$'s in Millions

<u>Variances to Original Proforma by Reason</u>	<u>Category</u>	<u>\$ Detail</u>	<u>\$ Summary</u>
1 Change in RG Metric Assumption (2006)			
Working Capital	A	(16.6)	
Other Development Costs	D	<u>(10.2)</u>	(26.8)
2 Construction delay of RB1.2 by 5 mos. to address market demand (2007)			
Deposits	A	1.0	
Phase Costs	B	(0.1)	
Departmental Costs	C	<u>(1.3)</u>	(0.4)
3 Increased costs for CB10, RB11, and RB12 due to unanticipated field conditions (2007)			
Phase Costs	B	<u>(4.6)</u>	(4.6)
4 Update RG assumptions to 100% collection of deposits based on historical experience (2007)			
Deposits	A	7.5	
Other Development Costs	D	<u>1.0</u>	8.5
5 Cost per square foot increases due to wood cost escalation - RB1.3-2.5 (\$69.2 to \$75 per sqft) and bridges (\$2,898 to \$4,485) (2007)			
Phase Costs	B	(11.4)	
Other Development Costs	D	<u>(9.0)</u>	(20.4)
6 RG Acceleration (from October 2011 to October 2009)			
Deposits	A	(1.5)	
Phase Costs	B	1.3	
Other Development Costs	D	<u>2.3</u>	2.2
7 Slow absorption schedule from 13.10 to 12.09 average settlements per month (2007)			
Entrance Deposits	A	6.8	
Operating Lease	A	1.2	
Funds Held/WC Loan	A	(0.6)	
Phase Costs	B	(4.7)	
Departmental Costs	C	(3.9)	
Other Development Costs	D	<u>(3.6)</u>	(4.8)
8 Decrease projected construction loan interest from 8% to 6.25% in 2008 and 6.75% in 2009 (2007)			
Other Development Costs	D	<u>5.0</u>	5.0
9 Increase departmental costs due to proforma update with 2008 budget (2007)			
Departmental Costs	C	<u>(1.2)</u>	(1.2)
			<u>(42.4)</u>

Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	(2.0)
B Phase Costs	(19.4)
C Departmental Costs	(6.4)
D Other Development Costs	<u>(14.5)</u>
Total Variance	<u>(42.4)</u>

4 Project Schedule

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

Project	Original Scheduled Completion Date	Substantially Completed	Variance (in Months)
Community Building 1.0	Oct-07	Oct-07	-
Transitional Spaces	Jun-10	Mar-12	(21.0)
Residential Building 1.1	Oct-07	Oct-07	-
Residential Building 1.2	Oct-07	Mar-08	(5.0)
Residential Building 1.3	Oct-08	May-09	(7.0)
Residential Building 1.4	May-09	Mar-10	(10.0)
Residential Building 1.5	Oct-09	Oct-10	(12.0)
Community Building 2.0	Jun-10	Mar-12	(21.0)
Residential Building 2.1	Jun-10	May-11	(11.0)
Residential Building 2.2	Jun-10	Mar-12	(21.0)
Residential Building 2.3	Oct-11	Sep-12	(11.0)
Residential Building 2.4	Oct-12	Jul-13	(9.0)
Residential Building 2.5	Jul-13	Mar-14	(8.0)
Bridge 10	Jun-10	May-11	(11.0)
Bridge 20	Jun-10	Mar-12	(21.0)
Bridge 30	Oct-11	Oct-09	24.0
Bridge 40	Oct-12	Jul-13	(9.0)
Gate House 1	Oct-07	Oct-07	-
Maintenance Building 1	May-09	May-09	-
Marketing Center 1	Jul-06	Jul-06	-
Carport 1	Mar-08	Oct-07	5.0
Carport 2	Jun-10	Mar-12	(21.0)
Extended Care 1.0	Oct-11	Oct-09	24.0

Bank Covenant:

Phases CB 1.0 - RB 2.1 - Substantial completion shall be 3 months after original schedule date.
 RB 2.2 & thereafter - Substantial completion shall be 6 months after original schedule date.

19 Landowner Financial Statements

ERICKSON RETIREMENT COMMUNITIES
Kansas 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	389,280	56,916	332,364
Assets Limited as to Use	545,719	99,189	446,530
Other Current Assets	3,891,107	4,251,335	(360,228)
Total Current Assets	4,826,106	4,407,440	418,667
Fixed Assets			
Land and Improvements	21,871,824	21,573,226	298,598
Buildings	60,076,853	37,307,171	22,769,681
Other Fixed Assets	1,619,172	1,288,047	331,125
Total Fixed Assets	83,567,849	60,168,444	23,399,405
Accumulated Depreciation	(754,325)	(385,344)	(368,981)
Total Fixed Assets net of Depreciation	82,813,524	59,783,100	23,030,424
Construction in Progress	11,501,865	27,919,914	(16,418,049)
Total Fixed Assets, Net and CIP	94,315,389	87,703,014	6,612,375
Other Assets			
Community Note Receivable	8,460,053	6,307,616	2,152,437
Deferred Financing Costs, net	2,172,354	2,250,598	(78,244)
Total Other Assets	10,632,407	8,558,213	2,074,193
TOTAL ASSETS	109,773,902	100,668,667	9,105,235
LIABILITIES & MEMBERS' CAPITAL			
Current Liabilities			
Accounts Payable	185,335	92,142	93,193
Construction G.C. Payable	1,410,187	1,630,458	(220,271)
Retainage Payable	2,145,651	2,328,347	(182,696)
Other Current Liabilities	108,717	215,508	(106,792)
Short-Term Interest Payable	674,432	910,782	(236,350)
Development Fees Payable	788,030	648,900	139,130
Intercompany	673,682	296,291	377,391
Total Current Liabilities	5,986,033	6,122,428	(136,395)
Long-Term Liabilities			
Mortgage Payable	15,760,600	12,978,000	2,782,600
Line of Credit Payable	63,900,317	56,720,678	7,179,639
Sale/Leaseback Payable	25,000,000	25,000,000	-
Bonds Payable	14,950,000	14,950,000	-
Total Long-Term Liabilities	119,610,917	109,648,678	9,962,239
Total Liabilities	125,596,950	115,771,106	9,825,845
Members' Capital			
Members' Capital	(9,999,998)	(9,999,998)	-
Members' Capital Sub-Debt Interest	3,201,142	2,320,548	880,594
Development Fee Distributions	(788,030)	(648,900)	(139,130)
Retained Earnings	(6,774,088)	(6,774,088)	-
Current Year's Income (Loss)	(1,462,074)	-	(1,462,074)
Total Members' Capital	(15,823,048)	(15,102,438)	(720,610)
TOTAL LIABILITIES & MEMBERS' CAPITAL	109,773,902	100,668,667	9,105,235

ERICKSON RETIREMENT COMMUNITIES
Kansas Campus
Landowner Income Statement
Mar, FY08

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	Period Activity	Period Budget	Period Variance	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance
Departmental Expenses						
Development Administration	56,524	101,958	45,434	235,220	302,375	67,155
Construction Mangement Services	93,461	3,647	(89,814)	232,507	10,940	(221,567)
Administration	48,079	48,079	-	144,238	144,238	0
Marketing	120,056	152,609	32,553	345,247	454,945	109,698
Sales and Information	60,101	97,733	37,632	212,791	287,428	74,637
Information Services	16,884	16,884	-	50,653	50,653	0
Legal	3,914	3,914	-	11,743	11,743	-
Capitalized Costs	(278,964)	(272,216)	6,748	(887,153)	(807,377)	79,775
Net Departmental Expense	120,056	152,609	32,553	345,247	454,945	109,698
Other Operating Expenses						
Bank Charges/Other Fees	138	-	(138)	345	-	(345)
Depreciation	158,542	172,007	13,465	368,981	494,309	125,328
Amortization	26,081	-	(26,081)	78,244	-	(78,244)
Total Other Operating Expenses	184,761	172,007	(12,754)	447,570	494,309	46,739
Total Operating Expenses	304,817	324,616	19,799	792,817	949,254	156,438
Non-Operating Revenue						
Note Rec/Other Interest	57,375	37,244	20,131	153,119	103,607	49,512
Community Lease Revenue	74,859	89,450	(14,591)	211,678	228,358	(16,680)
Total Non-Operating Revenue	132,233	126,694	5,539	364,797	331,965	32,832
Non-Operating Expenses						
Mortgage Interest Expense	59,593	74,000	14,407	165,881	182,008	16,127
Equity Partner Interest Expense	175,000	291,667	116,667	525,000	875,000	350,000
Bond Interest Expense	-	74,750	74,750	-	224,250	224,250
Additional Equity Partner	116,667	-	(116,667)	350,000	-	(350,000)
Financing Costs	2,982	4,000	1,018	20,015	181,015	161,000
Real Estate & Other Taxes	-	-	-	(26,842)	-	26,842
Total Non-Operating Expenses	354,242	444,417	90,175	1,034,054	1,462,273	428,219
NET INCOME (LOSS)	(526,825)	(642,339)	115,513	(1,462,074)	(2,079,562)	617,489

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

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	Period Activity	Year-to-Date
Cash Flows from Operating Activities:		
Net Income (Loss)	(526,825)	(1,462,074)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	158,542	368,981
Amortization	26,081	78,244
Changes in:		
Assets Limited as to Use	(131,494)	(446,530)
Other Current Assets	(11,567)	360,228
Current Liabilities	(91,916)	(13,599)
Interest Payable	77,521	(236,350)
ERC Short-Term Funding	(200,000)	-
Development Fees Payable	35,205	139,130
Intercompany	81,805	377,391
Net Cash (Used In) Provided by Operating Activities	(582,649)	(834,579)
Cash Flows from Investing Activities:		
CIP and Other Fixed Assets	(2,035,195)	(6,981,356)
Net Cash (Used In) Provided by Investing Activities	(2,035,195)	(6,981,356)
Cash Flows from Financing Activities:		
Deferred Financing Costs	-	-
Community Note Receivable	(341,105)	(2,152,437)
Retainage Withheld (Released)	(170,667)	(182,696)
Mortgage Proceeds	704,100	2,782,600
Change in General Contractor Payable	103,301	(220,271)
Proceeds (Repay) LOC Sub-Debt	1,618,699	7,179,639
Members' Capital	-	-
Members' Drawing	(35,205)	(139,130)
Net Cash (Used In) Provided by Financing Activities	1,879,123	7,267,705
Change in Cash	(447,055)	332,364
Beginning Cash Balance	836,335	56,916
Ending Cash Balance	389,280	389,280

9 Community Financial Statements

TCK
Comparative Balance Sheet
(in thousands)

	YTDMar FY08	YTDFeb FY08	Change	YTDDec FY07	Change
Assets					
<i>Current Assets</i>					
Cash	540	908	(368)	273	267
Accounts Receivable	170	162	8	35	135
Inventory	25	28	(3)	27	(2)
Prepays	19	21	(2)	24	(5)
Short Term Notes Receivable	889	203	686	1,009	(120)
Total Current Assets	1,644	1,323	321	1,368	275
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	1,307	1,015	292	1,142	164
Restricted Fund Accounts	9	10	0	9	0
Total Limited Use Cash & Investments	1,316	1,024	292	1,152	165
<i>Non-Current Assets</i>					
Fixed Assets- Net	2,269	2,268	1	2,344	(74)
LT Mortgage & Note Receivables	15,761	15,057	704	12,978	2,783
Total Non-Current Assets	18,030	17,325	705	15,322	2,708
Total Assets	20,990	19,672	1,318	17,842	3,148
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	834	1,039	(205)	1,111	(277)
Total Current Liabilities	834	1,039	(205)	1,111	(277)
<i>Non-Current Liabilities</i>					
Advance Deposits	877	779	98	435	442
Capital	17,077	15,494	1,583	14,692	2,385
Amort of Capital	(182)	(145)	(37)	(81)	(101)
Long Term Liabilities	8,460	8,119	341	6,308	2,152
Total Non-Current Liabilities	26,232	24,247	1,985	21,353	4,879
Total Liabilities	27,066	25,286	1,780	22,464	4,602
Net Assets					
Unrestricted Net Assets	(4,622)	(4,622)	-	(144)	(4,478)
Temporarily Restricted	1	1	0	0	0
Current Year Increase (Decrease) In Net Assets	(1,454)	(992)	(462)	(4,478)	3,024
Total Net Assets	(6,076)	(5,614)	(462)	(4,622)	(1,454)
Total Liabilities and Net Assets	20,990	19,672	1,318	17,842	3,148

TCK
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	121	27	342	84	1,987	(84)
Departmental Revenues	166	96	340	136	1,039	87
Total Operating Revenue	287	123	682	220	3,025	3
Operating Expense						
Wages	221	17	653	32	2,915	15
Employee Benefits	60	(12)	141	(5)	637	(58)
Other Employee Expense	5	15	52	12	174	76
Contract Labor Expense	154	(83)	312	(100)	953	(49)
Supplies Expense	37	(10)	95	(23)	516	(2)
Repairs and Maintenance Expense	4	6	36	(10)	164	(8)
Professional Fee Expense	4	3	11	11	78	11
Purchased Services Expense	133	0	399	0	1,596	0
Other Expense	95	31	289	39	1,538	35
Operating Reserve Expense	0	0	0	0	0	0
Total Operating Expense	712	(33)	1,989	(44)	8,570	19
Operating Income	(425)	90	(1,307)	176	(5,545)	23
Net Rent	15	0	46	1	185	1
Interest Expense	46	(8)	135	(32)	787	(170)
Investment Income	3	3	15	15	15	15
47770-Amortization Income	37	(6)	101	(10)	816	(10)
59950-FF&E Depreciation Expense	17	25	82	38	507	38
Total Non-Operating Income	(37)	13	(147)	12	(648)	(126)
Increase (Decrease) in Net Assets	(462)	103	(1,454)	188	(6,193)	(103)

Current Month Occupancy

	Independent	Assisted Living	Skilled Nursing
Billed Units	64	#MISSING	#MISSING
Available Units	227	#MISSING	#MISSING
Occupancy %	28.1%	#MISSING	#MISSING

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

	Current	YTD
Cash Flows from Operating Activities		
Net Income	(462)	(1,454)
Adjustments to Reconcile Income		
Depreciation and Amortization Expense	17	82
Amortization Income	(37)	(101)
(Increase)/Decrease in Accounts Receivable	(8)	(135)
(Increase)/Decrease in Inventory	3	2
(Increase)/Decrease in Prepaid Expenses	2	5
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(205)	(277)
Net Cash Provided by Operating Activities	<u>(691)</u>	<u>(1,878)</u>
Cash Flows from Investing Activities		
(Increase)/Decrease in Short Term Notes	(686)	120
(Increase)/Decrease in Limited Use Cash and Investments	(292)	(164)
(Increase)/Decrease in Fixed Assets	(17)	(8)
(Increase)/Decrease in LT Mortgage & Note Receivables	(704)	(2,783)
Net Cash Used in Investing Activities	<u>(1,700)</u>	<u>(2,834)</u>
Cash Flows from Financing Activities		
Increase/(Decrease) in Advance Deposits	98	442
Increase/(Decrease) in Resident Deposits	1,583	2,385
Increase/(Decrease) in Long Term Liabilities	341	2,152
Net Cash Provided by Financing Activities	<u>2,022</u>	<u>4,980</u>
Increase (Decrease) in Cash	(368)	267
Aggregate Other Items to Reconcile Cash	-	-
Cash Beginning of Period	908	273
Cash End of Period	<u>540</u>	<u>540</u>

Supplemental Information

Kansas Campus, LLC Loan Covenant Compliance Summary

As of March 31, 2008

Pending

Reporting Covenants

Description	Status
Monthly-Landowner Financial Statements	Enclosed
Monthly-Community Financial Statements	Enclosed
Monthly-Community Marketing Reports	Enclosed
Monthly-ERC Financial Statements/MD&A	Attached
Monthly-Project Status Report	Enclosed
Monthly-Compliance Letter	Enclosed
2007 Audited Financial Statements	Delivered-Apr08
2008 Community Budget	Enclosed-Nov07
2007 Tax Returns or Extensions (if applicable)*	Anticipated Apr-08
2008 Annual Insurance Certificates	Delivered-Dec07

Financial/Other Covenants

Description	Covenant	Actual	Status
ERC Liquidity (in millions)	Minimum \$ 100.0	\$ 187.7	
Letter of Credit Sub-Limit (in millions)	Maximum \$ 7.0	-	
Working Capital Loan Sub-Limit (in millions)	Maximum \$ 30.0	\$ 8.2	
PTD Absorbtion/Month	Minimum 10.0	11.2	

* Landowners which are Limited Liability Corporations (LLC's) do not file tax returns, these entities are consolidated with the Erickson Group Tax Filings



Covenant Compliance Letter

April 28, 2008

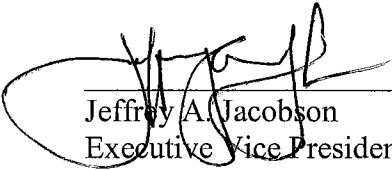
PNC Bank
Two Hopkins Plaza
Baltimore, Maryland 21201

Attention: Chip Woelper

RE: Kansas Campus/Tallgrass Creek, Inc.

Ladies and Gentlemen:

This letter is submitted in connection with monthly financial statements required to be provided under section 8.3 of the Construction Loan Agreement dated April 3, 2007 (the "Loan Agreement") relating to Tallgrass Creek Retirement Community for the month ended March 31, 2008. To the best knowledge of the undersigned, who is Chief Financial Officer of the entities submitting such financial statements, no Default, as defined in the Loan Agreement, has occurred and is continuing, and no Event of Default, as defined in the loan agreement, has occurred. All original promissory notes evidencing advances under the Community Loan Documents have been delivered (or are being delivered herewith) to you.



Jeffrey A. Jacobson
Executive Vice President
& Chief Financial Officer

Kansas Campus, LLC

Balance Test

Projected: As of March 31, 2008

Projected Fair Market Value at Completion

Phase	Completion Date	Status	No. of Units	Average Deposit per Unit	Total Deposit by Phase	Total Deposits Received	Future Deposits Remaining to be Collected	Coverage Amount	
Residential	1.1		88	256,343	22,558,200	15,515,400	7,042,800		
Residential	1.2		139	259,064	36,009,930	245,200	35,764,730		
Residential	1.3		81	256,548	20,780,382	0	20,780,382	1,200,000	
Residential	1.4		96	285,996	27,455,573	0	27,455,573	1,200,000	
Residential	1.5		75	286,035	21,452,637	0	21,452,637	1,200,000	
Residential	2.1		132	277,535	36,634,674	0	36,634,674	1,200,000	
Residential	2.2		112	274,989	30,798,815	0	30,798,815	1,200,000	
Residential	2.3		150	295,789	44,368,413	0	44,368,413	1,200,000	
Residential	2.4		124	291,013	36,085,599	0	36,085,599	1,200,000	
Residential	2.5		103	310,212	31,951,886	0	31,951,886	1,200,000	
Extended Care 1	10/1/2009		152	157,169	23,889,718	0	23,889,718	1,200,000	
Minimum Coverage Amount								9,000,000	
			1,252	331,985,827			15,760,600	316,225,227	10,800,000

BALANCE TEST COMPUTATIONS

	Estimate at Completion Through 2015	
Future Deposits Remaining to Be Collected	316,225,227	
Operating Lease through December 2015	11,248,615	
Less: Working Capital Loan	(27,890,100)	
Purchase Option ³	27,300,000	
Total Future Deposit/Lease Cash Receipts	326,883,742	
Total Future Anticipated Cash Receipts		326,883,742
Cost to Complete:		
Hard Costs ¹	129,018,980	
Soft Costs ²	95,627,675	
Total Costs to Complete	224,646,655	
Cash on Hand/AR	4,826,106	4,826,106
Other Current Liabilities		
Construction G.C. Payable	1,410,187	
Retainage Payable/Current Liabilities *	4,575,846	
Total Other Current Liabilities	5,986,033	
Line of Credit Payable/Subordinate Debt	63,900,317	
Equity Partner		
Outstanding Morgan Stanley Equity	25,000,000	
Bonds Payable ⁴	0	
Balance Test Coverage Amount	10,800,000	
Total Future Anticipated Cash Disbursements		330,333,005

BALANCE TEST

1,376,843 Passes Test

^{1/} Hard Costs Include Building and Sitework.

^{2/} Soft Costs Include: Architecture, Engineering, Fees & Permits, Builder's Risk, Outside Legal, Departmental Costs, Warranty, FF&E, Financing costs, Interest Costs, Land, Property Taxes, Development Fees. Soft Costs exclude Contingency and Subdebt Interest Expense.

^{3/} Purchase option correspondes to 50% of current purchase price amount.

^{4/} Balance Test excludes special tax district bond.