



---

**Kansas Campus, LLC**  
**Monthly Reporting Package**  
**June 2007**

## *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>

# 1 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 Mercantile 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. These funds will be available as certain sitework costs are incurred.
- Erickson has funded approximately \$853K in equity to date to cover sub debt interest.

### **Executive Summary**

#### **Marketing Overview**

Tallgrass Creek continued its solid start to 2007. Through the end of June, the community is averaging 12 initial deposits and over 9 net reservations. In June, Tallgrass Creek added to its pipeline totaling 58 reservations, 94 standbys and 24 futures. Tallgrass Creek has met the Construction test for 1.1 and is now 20 standbys short of meeting the test for RB 1.2. Tallgrass Creek has good reason to be excited for their first building opening in October 2007 and second residential opening in March 2008.

## Kansas Campus, LLC

### Critical Issues

- There are no critical issues to report at this time

### Active Phase Status

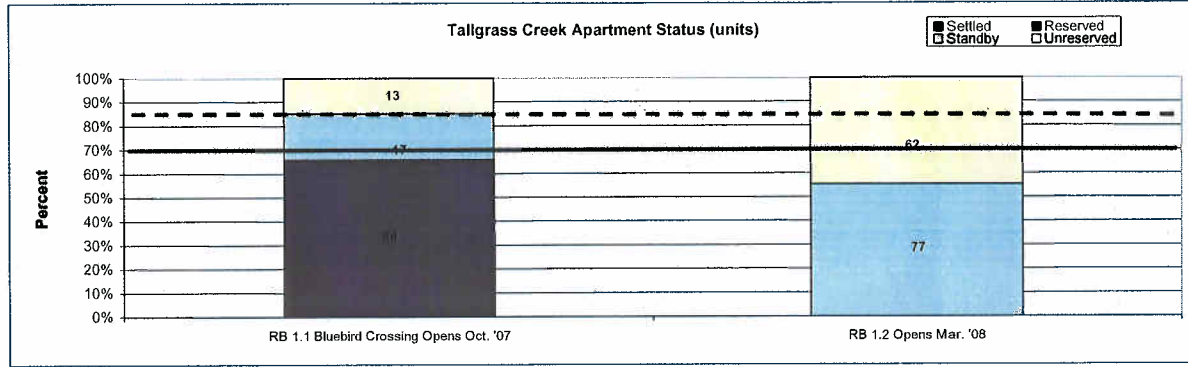
<i>Phase/Item</i>	<i>Construction Began</i>	<i>Projected to Open</i>
Residential Building 1.1	Oct-06	Oct-07
Community Building 1.0	Oct-06	Oct-07
Residential Building 1.2	Apr-07	Mar-08
Sitework 1.0	Oct-06	N/A

### Proforma Update

	Original Budget	CURRENT 6/30/2007 Budget
Entrance Deposits	319	319
Purchase Price	41	43
Working Capital Payments	0	
Net Operating Lease	0	
Total Funds	360	362
Project Costs	248	248
Financing Costs	45	45
Operations Start Up (Working Capital) Ex. Reserves	21	21
Development Fees	16	16
Total Costs	330	330
<b>Enterprise Margin</b>	<b>30</b>	<b>32</b>

# 2 Marketing Reports

Apartment Status by Building as of 06-28-07



Total Units

88

139

	2006 2nd Qtr	2006 3rd Qtr	2006 4th Qtr	2007 1st Qtr	2007 2nd Qtr
Settled	0	0	0	0	0
Reservations	0	0	0	53	58
Standby	77	77	111	66	94
Futures	5	5	13	20	24
<b>Total</b>	<b>82</b>	<b>82</b>	<b>124</b>	<b>139</b>	<b>176</b>

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	
<b>Current Buildings</b>										
Began Construction Oct '08	RB 1.1	88	85%	75	0	58	17	75	0	Test Satisfied
<b>Construction Test for Funding of Next Building</b>										
Began Construction Nov '08	RB 1.2	139	70%	97	0	0	77	77	20	

\*Settlement vs. Covenant

Covenant Requirement  
n/a

PTD Monthly Average as of 5/31/2007  
Opens Oct '07

\*Test to break escrow is not applicable

NOTES:

We have met the Construction test for RB 1.1. We are 20 standbys short of meeting the test for the construction funding of RB 1.2.

**2007 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)*	25	24	4	-1	2	4							58	9.67
* New	25	24	4	-1	2	4							58	9.67
* Resale	0	0	0	0	0	0							0	0
2 Gross Reservations (MS)	26	27	13	4	5	9							84	14.00
3 No. of Total Settlements (MS)*	0	0	0	0	0	0							0	0
* New	0	0	0	0	0	0							0	0
* Resale	0	0	0	0	0	0							0	0
4 No. of Initial Deposits (MS)	10	11	5	9	17	20							72	12.00
5 Requests for Refunds (MS)	3	2	6	1	5	4							21	3.50
6 Total Kit Requests (OT)	336	330	295	331	334	519							2,145	357.50
* MJO (OT)	215	221	204	220	162	238							1,260	210.00
* Sales Office (OT)	103	98	65	87	151	249							753	125.50
* Walk-ins (OT)	18	11	26	24	21	32							132	22.00
HC Kit Requests	0	0	0	0	0	0							0	0
7 Total Appts (OT)**	67	75	63	61	73	66							405	67.50
* First Time Appts (OT)	32	28	21	31	37	35							184	30.67
* Non Depositor Repeat Appts (OT)	3	2	2	6	2	6							21	3.50
* Depositor Appts (OT)	32	45	40	24	34	25							200	33.33
8 Walk-in Appts (OT)	0	0	0	0	0	0							0	0
<b>Pipeline</b>														
9 Reserved but Unsettled (P)	25	49	53	52	54	58							58	48.50
* New	25	49	53	52	54	58							58	48.50
* Resale	0	0	0	0	0	0							0	0
10 Standby (P)	89	70	66	75	83	94							94	79.50
11 Futures (P)	16	20	20	21	23	24							24	20.67
12 Total Deposits w/o Settled Appts (C) [9+10+11]	130	139	139	148	160	176							176	148.67
13 Total Settled Appts (P)	0	0	0	0	0	0							0	0
Total New Settled Appts (BS)	0	0	0	0	0	0							0	0
14 No. of Unsettled Appts (PRU)	88	88	88	88	88	88							88	88.00
15 Appts released by keys not turned in	0	0	0	0	0	0							0	0
Ratio (Line 12/14) (C)	1.48	1.58	1.58	1.68	1.82	2.00	N/A	N/A	N/A	N/A	N/A	N/A	2.00	1.69

Notes

\* Net Reservations = Gross Reservations - Reservations withdrawn

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





# Marketing Summary

<b>Date Range [6/1/07 thru 6/30/07]</b>	<b>TCK</b>
<b>LOC: Independent</b>	

Settlements	Count	Cash Collected	Current P-Note Due	Total
<b>New</b>	0	\$0	\$0	\$0
<b>Resale</b>	0	\$0	\$0	\$0
<b>Total</b>	0	\$0	\$0	\$0

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
<b>New</b>	5	4	0	5	4	\$2,980,000	\$0	\$1,658,000	\$1,322,000
<b>Resale</b>	0	0	0	0	0	\$0	\$0	\$0	\$0
<b>Total</b>	5	4	0	5	4	\$2,980,000	\$0	\$1,658,000	\$1,322,000

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
<b>Futures</b>	1	0	0	1
<b>Standby</b>	14	2	5	11
<b>Total</b>	15	2	5	12

<b>Initial Deposits</b>	20
<b>Requests for Refund</b>	4

# ∞ Total Anticipated Budget

**Erickson Retirement Communities  
Kansas Campus  
Total Anticipated Budget  
As of June 30, 2007**

	<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>	<u>Notes</u>
Entrance Deposits	0	0%	319,298,477	319,298,477	318,262,397	1,036,080	
Operating Lease	0	0%	11,495,691	11,495,691	11,495,691	-	
Funds Held/WC Loan Repayment	0	0%	(12,297,930)	(12,297,930)	(12,297,930)	-	
<b>Total Deposits</b>	<b>-</b>	<b>0%</b>	<b>318,496,238</b>	<b>318,496,238</b>	<b>317,460,158</b>	<b>1,036,080</b>	<b>A</b>
Hard Costs - Building	14,233,028	10%	130,457,606	144,690,634	144,005,940	(684,694)	
Hard Costs - Sitework	8,864,228	46%	10,517,310	19,381,538	19,193,119	(188,419)	
Architecture	4,584,101	43%	6,047,241	10,631,342	10,469,774	(161,568)	
Engineering	2,520,123	73%	953,007	3,473,129	3,634,697	161,568	
Builder's Risk	16,295	3%	626,859	643,153	643,153	-	
Fees, Permits & Bonds	1,205,187	24%	3,745,867	4,951,054	4,951,054	-	
Development Fee	0	0%	15,964,924	15,964,924	15,913,120	(51,804)	
Outside Legal	214,784	26%	596,739	811,523	811,523	-	
<b>Phase Costs Before Contingency</b>	<b>31,637,745</b>	<b>16%</b>	<b>168,909,553</b>	<b>200,547,297</b>	<b>199,622,380</b>	<b>(924,917)</b>	
Contingency	0	0%	4,518,124	4,518,124	5,303,835	785,711	
<b>Total Phase Costs</b>	<b>31,637,745</b>	<b>15%</b>	<b>173,427,677</b>	<b>205,065,421</b>	<b>204,926,215</b>	<b>(139,206)</b>	<b>B</b>
Department Costs							
Administration Department	246,264	9%	2,387,069	2,633,333	2,633,333	-	
Acquisitions and Development	1,417,881	16%	7,604,668	9,022,549	8,329,167	(693,382)	
Finance	0	0%	730,750	730,750	730,750	-	
Marketing Department	4,356,540	18%	19,579,155	23,935,695	23,662,380	(273,315)	
Information Services	105,126	13%	698,041	803,167	803,167	-	
Legal Department	23,484	7%	299,099	322,583	322,583	-	
<b>Total Departmental Costs</b>	<b>6,149,295</b>	<b>16%</b>	<b>31,298,782</b>	<b>37,448,077</b>	<b>36,481,380</b>	<b>(966,697)</b>	<b>C</b>
<b>Total Hard &amp; Soft Costs</b>	<b>37,787,040</b>	<b>16%</b>	<b>204,726,459</b>	<b>242,513,498</b>	<b>241,407,595</b>	<b>(1,105,903)</b>	
Other Development Costs							
Land	20,254,249	100%	(1,804)	20,252,445	20,252,445	-	
Interest Costs	3,504,811	8%	39,610,131	43,114,942	43,114,942	-	
Financing Costs - L.O.C	2,779,749	235%	(1,599,122)	1,180,627	1,180,627	-	
Property Taxes	17,968	3%	569,353	587,321	587,321	-	
Capital Expenditures/	359,745	31%	815,985	1,175,730	1,175,730	-	
Community Loan Interest	(13,470)	0%	13,470	0	0	-	
<b>Total Other Development Costs</b>	<b>26,903,052</b>	<b>41%</b>	<b>39,408,013</b>	<b>66,311,065</b>	<b>66,311,065</b>	<b>-</b>	<b>D</b>
<b>Total Costs</b>	<b>64,690,092</b>	<b>21%</b>	<b>244,134,472</b>	<b>308,824,563</b>	<b>307,718,660</b>	<b>(1,105,903)</b>	
<b>Profit Margin</b>	<b>(64,690,092)</b>		<b>74,361,766</b>	<b>9,671,675</b>	<b>9,741,498</b>	<b>(69,823)</b>	
<b>Profit Margin %</b>				<b>3.04%</b>	<b>3.07%</b>	<b>-0.03%</b>	
Purchase Price				42,900,000			
Adjustment to Funds Held/WC Loan Repayment				12,297,930			
Start Up Loss Adjustment				(21,300,000)			
Operating Lease Adjustment				(11,495,691)			
Total Adjustments				22,402,239			
Enterprise Value				32,073,914			

# Kansas Campus, LLC

\$'s in Millions

## Variances to Original Proforma by Reason

Category      \$ Detail      \$ Summary

1 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>(1.0)</u>	(0.1)
			<u><u>(0.1)</u></u>

## Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	1.0
B Phase Costs	(0.1)
C Departmental Costs	(1.0)
D Other Development Costs	0.0
Total Variance	<u><u>(0.1)</u></u>

# 4 Project Schedule

**Kansas Campus  
Project Schedule  
June 30, 2007**

<b>Project</b>	<b>Original Scheduled Completion Date</b>	<b>Substantially Completed</b>	<b>Variance (in Months)</b>
Community Building 1.0	Oct-07	Oct-07	-
Transitional Spaces	Jun-10	Jun-10	-
Residential Building 1.1	Oct-07	Oct-07	-
Residential Building 1.2	Oct-07	Mar-08	(5.0)
Residential Building 1.3	Oct-08	Oct-08	-
Residential Building 1.4	May-09	May-09	-
Residential Building 1.5	Oct-09	Oct-09	-
Community Building 2.0	Jun-10	Jun-10	-
Residential Building 2.1	Jun-10	Jun-10	-
Residential Building 2.2	Jun-10	Jun-10	-
Residential Building 2.3	Oct-11	Oct-11	-
Residential Building 2.4	Oct-12	Oct-12	-
Residential Building 2.5	Jul-13	Jul-13	-
Bridge 10	Jun-10	Jun-10	-
Bridge 20	Jun-10	Jun-10	-
Bridge 30	Oct-11	Oct-11	-
Bridge 40	Oct-12	Oct-12	-
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	Mar-08	-
Carport 2	Jun-10	Jun-10	-
Extended Care 1.0	Oct-11	Oct-09	24.0

**Mercantile 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**  
**Jun, FY07**

/13/07 03:03 PM

	<u>Current Balance</u>	<u>Prior Year End Balance</u>	<u>Change from Prior Year</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	429,250	38,053	391,197
Other Current Assets	14,062,257	14,737,545	(675,288)
<b>Total Current Assets</b>	<b>14,491,507</b>	<b>14,775,598</b>	<b>(284,091)</b>
<b>Fixed Assets</b>			
Land and Improvements	20,254,249	20,254,249	-
Other Fixed Assets	359,745	278,580	81,165
<b>Total Fixed Assets</b>	<b>20,613,994</b>	<b>20,532,829</b>	<b>81,165</b>
Accumulated Depreciation	(43,819)	-	(43,819)
Total Fixed Assets net of Depreciation	20,570,175	20,532,829	37,346
Construction in Progress	37,653,326	15,597,917	22,055,409
<b>Total Fixed Assets, Net and CIP</b>	<b>58,223,501</b>	<b>36,130,747</b>	<b>22,092,755</b>
<b>Other Assets</b>			
Community Note Receivable	1,614,348	-	1,614,348
Deferred Financing Costs, net	2,475,348	661,446	1,813,902
<b>Total Other Assets</b>	<b>4,089,696</b>	<b>661,446</b>	<b>3,428,250</b>
<b>TOTAL ASSETS</b>	<b>76,804,704</b>	<b>51,567,790</b>	<b>25,236,914</b>
<b>LIABILITIES &amp; MEMBERS' CAPITAL</b>			
<b>Current Liabilities</b>			
Accounts Payable	279,622	516,604	(236,982)
Construction G.C. Payable	4,944,068	1,359,261	3,584,807
Retainage Payable	1,420,000	244,846	1,175,154
Other Current Liabilities	114,757	148,996	(34,239)
Short-Term Interest Payable	806,335	146,389	659,946
ERC Short-Term Funding	800,000	659,200	140,800
Intercompany	411,841	307,653	104,188
<b>Total Current Liabilities</b>	<b>8,776,622</b>	<b>3,382,948</b>	<b>5,393,674</b>
<b>Long-Term Liabilities</b>			
Line of Credit Payable	40,090,026	20,000,000	20,090,026
Sale/Leaseback Payable	25,000,000	-	25,000,000
Bonds Payable	14,950,000	14,950,000	-
<b>Total Long-Term Liabilities</b>	<b>80,040,026</b>	<b>34,950,000</b>	<b>45,090,026</b>
<b>Total Liabilities</b>	<b>88,816,648</b>	<b>38,332,948</b>	<b>50,483,700</b>
<b>Members' Capital</b>			
Members' Capital	36,699,191	34,814,126	1,885,066
Members' Drawing	(44,989,301)	(19,945,050)	(25,044,251)
Retained Earnings	(1,634,233)	(1,634,233)	-
Current Year's Income (Loss)	(2,087,600)	-	(2,087,600)
<b>Total Members' Capital</b>	<b>(12,011,943)</b>	<b>13,234,843</b>	<b>(25,246,786)</b>
<b>TOTAL LIABILITIES &amp; MEMBERS' CAPITAL</b>	<b>76,804,704</b>	<b>51,567,790</b>	<b>25,236,914</b>



**ERICKSON RETIREMENT COMMUNITIES**  
**Kansas Campus**  
**Landowner Income Statement**  
**Jun, FY07**

08/13/07 03:04 PM

	Period Activity	Period Budget	Period Variance	Year-to-Date Actual	Year-to-Date Budget	Year-to-Date Variance
<b>Departmental Expenses</b>						
Development Administration	156,398	52,435	(103,963)	624,499	314,609	(309,890)
Administration	41,044	29,943	(11,101)	246,264	179,657	(66,607)
Finance	-	11,101	11,101	-	66,606	66,606
Marketing	85,884	114,161	28,278	1,296,901	685,926	(610,975)
Sales and Information	65,183	92,788	27,605	486,324	558,558	72,234
Information Services	17,521	17,522	1	105,126	105,130	4
Legal	3,914	3,914	0	23,484	23,486	2
Capitalized Costs	(284,060)	(205,699)	78,361	(1,485,697)	(1,236,022)	249,675
<b>Net Departmental Expense</b>	<b>85,884</b>	<b>116,165</b>	<b>30,282</b>	<b>1,296,901</b>	<b>697,950</b>	<b>(598,951)</b>
<b>Other Operating Expenses</b>						
Bank Charges/Other Fees	-	-	-	36	-	(36)
Depreciation	8,274	83,051	74,777	43,819	368,754	324,935
Amortization	3,327	-	(3,327)	6,654	-	(6,654)
<b>Total Other Operating Expenses</b>	<b>11,601</b>	<b>83,051</b>	<b>71,450</b>	<b>50,509</b>	<b>368,754</b>	<b>318,245</b>
<b>Total Operating Expenses</b>	<b>97,485</b>	<b>199,216</b>	<b>101,731</b>	<b>1,347,410</b>	<b>1,066,704</b>	<b>(280,706)</b>
<b>Non-Operating Revenue</b>						
Note Rec/Other Interest	53,308	10,214	43,094	252,390	25,803	226,586
<b>Total Non-Operating Revenue</b>	<b>53,308</b>	<b>10,214</b>	<b>43,094</b>	<b>252,390</b>	<b>25,803</b>	<b>226,586</b>
<b>Non-Operating Expenses</b>						
CNL Interest Expense	-	175,000	175,000	-	1,050,000	1,050,000
Equity Partner Interest Expense	287,671	74,750	(212,921)	853,425	448,500	(404,925)
Financing Costs	50,220	4,000	(46,220)	139,156	24,000	(115,156)
<b>Total Non-Operating Expenses</b>	<b>337,892</b>	<b>253,750</b>	<b>(84,142)</b>	<b>992,580</b>	<b>1,522,500</b>	<b>529,920</b>
<b>NET INCOME (LOSS)</b>	<b>(382,068)</b>	<b>(442,752)</b>	<b>60,684</b>	<b>(2,087,600)</b>	<b>(2,563,400)</b>	<b>475,800</b>

**ERICKSON RETIREMENT COMMUNITIES**  
**Kansas Campus**  
**Landowner Cash Flow Statement**  
**Jun, FY07**

08/13/07 3:04 PM

	Period Activity	Year-to-Date
<b>Cash Flows from Operating Activities:</b>		
Net Income (Loss)	(382,068)	(2,087,600)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	8,274	43,819
Amortization	3,327	6,654
Changes in:		
Other Current Assets	(42,923)	675,288
Current Liabilities	(7,789)	(271,221)
Interest Payable	(188,128)	659,946
ERC Short-Term Funding	800,000	140,800
Intercompany	249,968	104,188
<b>Net Cash (Used In) Provided by Operating Activities</b>	<b>440,662</b>	<b>(728,127)</b>
<b>Cash Flows from Investing Activities:</b>		
CIP and Other Fixed Assets	(6,207,269)	(22,136,574)
<b>Net Cash (Used In) Provided by Investing Activities</b>	<b>(6,207,269)</b>	<b>(22,136,574)</b>
<b>Cash Flows from Financing Activities:</b>		
Deferred Financing Costs	-	(1,820,556)
Community Note Receivable	(410,824)	(1,614,348)
Retainage Withheld (Released)	379,606	1,175,154
Change in General Contractor Payable	955,669	3,584,807
Proceeds (Repay) LOC Sub-Debt	4,253,961	45,090,026
Members' Capital	565,753	1,885,066
Members' Drawing	-	(25,044,251)
<b>Net Cash (Used In) Provided by Financing Activities</b>	<b>5,744,165</b>	<b>23,255,898</b>
<b>Change in Cash</b>	<b>(22,442)</b>	<b>391,197</b>
Beginning Cash Balance	451,692	38,053
<b>Ending Cash Balance</b>	<b>429,250</b>	<b>429,250</b>

# 9 Community Financial Statements

**TCK**  
**Comparative Balance Sheet**  
(in thousands)

	YTDJun FY07	YTDMay FY07	Change	YTDDec FY06	Change
<b>Assets</b>					
<i>Current Assets</i>					
Cash	137	105	32	-	137
Prepays	9	12	(2)	24	(14)
<b>Total Current Assets</b>	<b>147</b>	<b>117</b>	<b>30</b>	<b>24</b>	<b>123</b>
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	941	592	349	159	782
Restricted Fund Accounts	-	-	-	0	0
<b>Total Limited Use Cash &amp; Investments</b>	<b>941</b>	<b>592</b>	<b>349</b>	<b>159</b>	<b>782</b>
<i>Non-Current Assets</i>					
Fixed Assets- Net	187	142	46	0	187
<b>Total Non-Current Assets</b>	<b>187</b>	<b>142</b>	<b>46</b>	<b>0</b>	<b>187</b>
<b>Total Assets</b>	<b>1,275</b>	<b>851</b>	<b>424</b>	<b>183</b>	<b>1,093</b>
<b>Liabilities</b>					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	139	199	(60)	202	(62)
<b>Total Current Liabilities</b>	<b>139</b>	<b>199</b>	<b>(60)</b>	<b>202</b>	<b>(62)</b>
<i>Non-Current Liabilities</i>					
Advance Deposits	937	588	349	125	812
Long Term Liabilities	1,614	1,204	411	-	1,614
<b>Total Non-Current Liabilities</b>	<b>2,551</b>	<b>1,792</b>	<b>760</b>	<b>125</b>	<b>2,426</b>
<b>Total Liabilities</b>	<b>2,690</b>	<b>1,991</b>	<b>700</b>	<b>327</b>	<b>2,364</b>
<b>Net Assets</b>					
Unrestricted Net Assets	(144)	(144)	-	-	(144)
Temporarily Restricted	0	0	-	0	-
Current Year Increase (Decrease) In Net Assets	(1,271)	(995)	(275)	(144)	(1,127)
<b>Total Net Assets</b>	<b>(1,415)</b>	<b>(1,140)</b>	<b>(275)</b>	<b>(144)</b>	<b>(1,271)</b>
<b>Total Liabilities and Net Assets</b>	<b>1,275</b>	<b>851</b>	<b>424</b>	<b>183</b>	<b>1,093</b>

TCK  
Statement of Operations by Natural Expense  
All LOB, All Entities  
Jun, FY07  
(in thousands)

	Jun		YTD(Jun)		YTDDec	
	Actual	BudVar	Actual	BudVar	Forecast	FcstVar
<b>Operating Revenue</b>						
Resident Monthly Fees	-	-	-	-	-	(87)
Departmental Revenues	4	2	(5)	(21)	(5)	(133)
<b>Total Operating Revenue</b>	<b>4</b>	<b>2</b>	<b>(5)</b>	<b>(21)</b>	<b>(5)</b>	<b>(220)</b>
<b>Operating Expense</b>						
Wages	58	10	200	(5)	200	1,041
Employee Benefits	9	4	33	5	33	194
Other Employee Expense	41	59	188	(3)	216	198
Contract Labor Expense	(7)	13	26	17	25	294
Supplies Expense	1	4	12	(1)	10	94
Repairs and Maintenance Expense	1	(1)	1	(1)	0	13
Professional Fee Expense	19	0	57	(2)	57	52
Purchased Services Expense	107	2	645	0	645	645
Other Expense	40	(22)	94	(19)	189	285
Operating Reserve Expense	-	3	-	16	-	85
<b>Total Operating Expense</b>	<b>269</b>	<b>71</b>	<b>1,255</b>	<b>6</b>	<b>1,374</b>	<b>2,900</b>
<b>Operating Income</b>	<b>(265)</b>	<b>73</b>	<b>(1,260)</b>	<b>(15)</b>	<b>(1,379)</b>	<b>2,680</b>
Net Rent	-	-	-	-	-	60
Interest Expense	10	-	13	-	13	142
Investment Income	-	-	2	-	2	(2)
47770-Amortization Income	-	-	-	-	-	(55)
59950-FF&E Depreciation Expense	-	3	-	5	-	153
<b>Total Non-Operating Income</b>	<b>(10)</b>	<b>3</b>	<b>(11)</b>	<b>5</b>	<b>(11)</b>	<b>298</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(275)</b>	<b>76</b>	<b>(1,271)</b>	<b>(9)</b>	<b>(1,390)</b>	<b>2,979</b>

Current Month Occupancy

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

**TCK**  
**Statement of Cash Flows**  
 Jun , FY07  
 (in thousands)

	Current	YTD
<b>Cash Flows from Operating Activities</b>		
Net Income	(275)	(1,271)
<b>Adjustments to Reconcile Income</b>		
(Increase)/Decrease in Prepaid Expenses	2	14
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	(60)	(62)
<b>Net Cash Provided by Operating Activities</b>	<u>(333)</u>	<u>(1,319)</u>
<b>Cash Flows from Investing Activities</b>		
(Increase)/Decrease in Limited Use Cash and Investments	(349)	(782)
(Increase)/Decrease in Fixed Assets	(46)	(187)
<b>Net Cash Used in Investing Activities</b>	<u>(395)</u>	<u>(970)</u>
<b>Cash Flows from Financing Activities</b>		
Increase/(Decrease) in Advance Deposits	349	812
Increase/(Decrease) in Long Term Liabilities	411	1,614
<b>Net Cash Provided by Financing Activities</b>	<u>760</u>	<u>2,426</u>
<b>Increase (Decrease) in Cash</b>	32	137
Aggregate Other Items to Reconcile Cash	-	-
<b>Cash Beginning of Period</b>	105	-
<b>Cash End of Period</b>	<u><u>137</u></u>	<u><u>137</u></u>

# 7 Supplemental Information

## Kansas Campus, LLC Loan Covenant Compliance Summary

As of June 30, 2007

Satisfied
Pending
Not Met

### 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	
2006 Audited Financial Statements	Attached-Feb07	
2007 Community Budget	Enclosed-Dec06	
2006 Tax Returns or Extensions (if applicable)*	Enclosed-Mar07	
2007 Annual Insurance Certificates	At Closing	

### Financial/Other Covenants

Description	Covenant		Actual	Status
ERC Liquidity (in millions)	Minimum	\$ 69.0	\$ 93.0	
Letter of Credit Sub-Limit (in millions)	Maximum	\$ 7.0	-	
Working Capital Loan Sub-Limit (in millions)	Maximum	\$ 30.0	\$ 1.6	
PTD Absorbtion/Month	Minimum	10.0	N/A	

\* 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

August 14, 2007

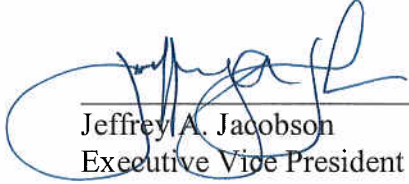
Mercantile-Safe Deposit & Trust Company  
Two Hopkins Plaza  
Baltimore, Maryland 21201

Attention: Bruce D. McLean  
Senior Vice President

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 June 30, 2007. 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 June 30, 2007

**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	-	22,558,200	1,200,000	
Residential	1.2		139	259,064	36,009,930	0	36,009,930	1,200,000	
Residential	1.3		81	249,167	20,182,560	0	20,182,560	1,200,000	
Residential	1.4		96	277,757	26,664,704	0	26,664,704	1,200,000	
Residential	1.5		75	277,796	20,834,684	0	20,834,684	1,200,000	
Residential	2.1		132	269,544	35,579,755	0	35,579,755	1,200,000	
Residential	2.2		112	259,385	29,051,089	0	29,051,089	1,200,000	
Residential	2.3		150	287,266	43,089,891	0	43,089,891	1,200,000	
Residential	2.4		124	282,629	35,045,939	0	35,045,939	1,200,000	
Residential	2.5		152	204,149	31,030,699	0	31,030,699	1,200,000	
Extended Care	1		103	186,903	19,251,026	0	19,251,026	1,200,000	
Minimum Coverage Amount								9,000,000	
			1,252	319,298,477			0	319,298,477	13,200,000

**BALANCE TEST COMPUTATIONS**

	Estimate at Completion Through 2015	
Future Deposits Remaining to Be Collected	319,298,477	
Operating Lease through December 2015	11,495,691	
Less: Working Capital Loan	(12,297,930)	
Purchase Option	21,500,000	
Total Future Deposit/Lease Cash Receipts	339,996,238	
<b>Total Future Anticipated Cash Receipts</b>		<b>339,996,238</b>
Cost to Complete:		
Hard Costs <sup>1</sup>	140,974,917	
Soft Costs <sup>2</sup>	98,641,431	
Total Costs to Complete	239,616,348	
Cash on Hand/AR	14,491,507	<b>14,491,507</b>
Other Current Liabilities		
Construction G.C. Payable	4,944,068	
Retainage Payable/Current Liabilities *	3,832,554	
Total Other Current Liabilities	8,776,622	
Line of Credit Payable/Subordinate Debt	40,090,026	
Equity Partner		
Outstanding Morgan Stanley Equity	25,000,000	
Bonds Payable	14,950,000	
Balance Test Coverage Amount	13,200,000	
<b>Total Future Anticipated Cash Disbursements</b>		<b>341,632,995</b>
<b>BALANCE TEST</b>		<b>12,854,750 Passes Test</b>

<sup>1/</sup> Hard Costs Include Building and Sitework.<sup>2/</sup> 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.