



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

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↳ 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 2014.

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 \$2.6M in equity to date to cover sub debt interest.

Executive Summary

Marketing Overview

Tallgrass Creek ended June with 6 initial deposits and 2 settlements. Through June, Tallgrass Creek has 19 reservations, 92 standbys and 80 futures in its pipeline.

Kansas Campus, LLC

Critical Issues

Liens

- On 4/9/08, Environmental Mechanical Contractors, Inc. filed a lien in the amount of \$215,534.26 on the CB1.0 project. Environmental is a subcontractor to Erickson Construction. A lien bond had been filed with Johnson County, Kansas, on 4/28/08, and the lien had been released. Settlement was reached in May 2008, final payment was made, and the lien was removed in June 2008.
- On 2/12/08, Houston-Stafford Electric (HSE) filed a lien in the amount of \$160,963.20 on the RB1.1 project. HSE is a subcontractor to Erickson Construction. Erickson Construction needed to supplement the labor forces of HSE in order to maintain the project schedule. HSE consented to the work done by the other contractor, but they disagree with the amount of the backcharge. Both parties are working to resolve the issues. A lien bond was filed with Johnson County, Kansas, on 4/28/08, and the lien has been released.
- On 3/14/08, Enright Plumbing, Inc. filed a lien in the amount of \$67,683.40 on the CB1.0 project. Enright Plumbing is a subcontractor to Environmental Mechanical. A lien bond had been filed with Johnson County, Kansas, on 4/28/08, and the lien had been released. Settlement was reached in May 2008, final payment was made, and the lien was removed in June 2008.
- 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 1.3	Oct-08	Sep-09
Sitework 1.0	Oct-06	N/A

Proforma Update

	Original Budget	CURRENT 6/30/2008 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.

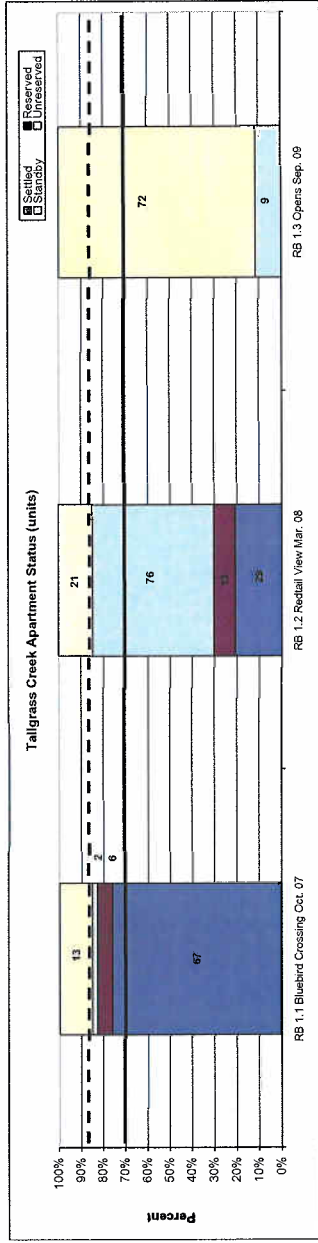
(2) Variance is due to lower regional factor, and well as an increase in monthly fee pricing of 2.3%.

(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 06-30-08



Total Units: 182
 Flex Pay: 1 (1.1%)
 Flex Pay Ratio: 1.1%

Settled Standby	2006 Year End	2007 1st Qtr	2007 2nd Qtr	2007 3rd Qtr	2007 4th Qtr	2008 1st Qtr	2008 2nd Qtr
Reservations	0	0	0	0	98	67	98
Standby	58	58	93	93	108	104	92
Flex Pay	11	24	24	40	55	85	80
Total	124	139	176	223	275	277	287
Monthly Trends							
Net Settlements/Reservations/Standbys	37.0	2.7	11.0	10.3	12.3	-2.7	
Settlements	0	0.0	0.0	0.0	19.3	3.0	

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

Current Buildings	Units	Test	Required/Standby	Satisfied	Reserved	Standby	Total	Needed
Open	88	85%	75	67	6	2	75	0
Open	139	85%	118	29	13	76	118	0
Total								

Construction Test for Funding of Next Building Begins Const. Oct. 08	Units	Test	Required/Standby	Satisfied	Reserved	Total	Needed
RB 1.3	81	70%	57	0	0	14	72
Total							

*Settlement vs. Covenant: PTD Monthly Average as of 6/30/08: 10.7

*Test to break escrow is not applicable

NOTES:

We need 72 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	8	1	-2							13	2.17
* New	0	4	2	8	1	-2							13	2.17
* Resale	0	0	0	0	0	0							0	0
2 Gross Reservations (MS)	11	7	7	12	2	4							43	7.17
3 No. of Total Settlements (MS)*	0	3	6	17	10	2							38	6.33
* New	0	3	6	17	10	2							38	6.33
* Resale	0	0	0	0	0	0							0	0
4 No. of Initial Deposits (MS)	15	5	9	11	4	6							50	8.33
5 Requests for Refunds (MS)	5	6	6	4	4	4							29	4.83
6 Total Kit Requests (OT)	321	244	299	303	276	248							1,691	281.83
* MJO (OT)	215	154	164	173	160	104							970	161.67
* Sales Office (OT)	95	79	121	114	94	121							624	104.00
* Walk-ins (OT)	11	11	14	16	22	23							97	16.17
HC Kit Requests	0	0	0	0	2	0							2	0.33
7 Total Appts (OT)**	56	55	80	91	85	54							421	70.17
* First Time Appts (OT)	32	21	33	32	42	26							186	31.00
* Non Depositor Repeat Appts (OT)	7	6	14	12	8	10							57	9.50
* Depositor Appts (OT)	17	28	33	47	35	18							178	29.67
8 Walk-in Appts (OT)	1	3	0	1	0	0							5	0.83
Pipeline														
9 Reserved but Unsettled (P)	44	45	41	32	23	19							19	34.00
* New	44	45	41	32	23	19							19	34.00
* Resale	0	0	0	0	0	0							0	0
10 Standby (P)	114	105	104	97	95	92							92	101.17
11 Futures (P)	60	64	65	71	72	80							80	68.67
12 Total Deposits w/o Settled Appts (C) [9+10+11]	218	214	210	200	190	191							191	203.83
13 Total Settled Appts (P)	58	61	67	84	94	96							96	76.67
Total New Settled Appts (BS)	58	61	67	84	94	96							96	76.67
14 No. of Unsettled Appts (PRU)	169	166	160	143	133	131							131	150.33
15 Appts released by keys not turned in	0	0	0	0	0	0							0	0
Ratio (Line 12/14) (C)	1.29	1.29	1.31	1.40	1.43	1.46	N/A	N/A	N/A	N/A	N/A	N/A	1.46	1.36

Notes

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



Marketing Summary

TCK

Date Range [6/1/08 thru 6/30/08]

LOC: Independent

Settlements	Count	Cash Collected	Current P-Note Due	Total
New	2	\$305,880	\$140,120	\$446,000
Resale	0	\$0	\$0	\$0
Total	2	\$305,880	\$140,120	\$446,000

Reservations	Initial Deposits	Priority List	Left To Settled	Withdraw	Net	Deposits Reserved	Reservations Settled	Reservations Withdrawn	Net Reservations
New	2	2	2	6	-4	\$1,174,000	\$446,000	\$1,822,000	-\$1,094,000
Resale	0	0	0	0	0	\$0	\$0	\$0	\$0
Total	2	2	2	6	-4	\$1,174,000	\$446,000	\$1,822,000	-\$1,094,000

Waiting Lists	Initial Deposits	Priority List	Changed Status	Net Change
Futures	3	5	0	8
Standby	1	4	8	-3
Total	4	9	8	5

Initial Deposits	Initial Deposits	Requests for Refund
Initial Deposits	6	
Requests for Refund	4	

∞ Total Anticipated Budget

**Erickson Retirement Communities
Kansas Campus
Total Anticipated Budget
As of June 30, 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	24,316,680	7%	307,669,147	331,985,827	318,262,397	13,723,430	
Operating Lease	136,593	1%	11,202,818	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	24,453,273	8%	290,981,865	315,435,138	317,460,158	(2,025,020)	A
Hard Costs - Building	37,421,012	25%	113,709,405	151,130,416	144,005,940	(7,124,476)	
Hard Costs - Sitework	16,225,203	70%	6,958,480	23,183,682	19,193,119	(3,990,563)	
Architecture	6,044,158	51%	5,714,353	11,758,511	10,469,774	(1,288,737)	
Engineering	3,067,153	71%	1,253,342	4,320,495	3,634,697	(685,798)	
Builder's Risk	54,626	8%	621,114	675,740	643,153	(32,587)	
Fees, Permits & Bonds	1,422,182	28%	3,577,102	4,999,284	4,951,054	(48,230)	
Development Fee	1,215,834	7%	15,383,459	16,599,293	15,913,120	(686,173)	
Outside Legal	258,329	24%	824,117	1,082,446	811,523	(270,923)	
Phase Costs Before Contingency	65,708,496	31%	148,041,371	213,749,867	199,622,380	(14,127,487)	
Contingency	0	0%	3,728,024	3,728,024	5,303,835	1,575,811	
Total Phase Costs	65,708,496	30%	151,769,396	217,477,892	204,926,215	(12,551,677)	B
Department Costs							
Pre-Development	0	0%	0	0	0	-	
Administration Department	781,004	34%	1,491,530	2,272,534	2,633,333	360,799	
Acquisitions and Development	2,607,009	27%	6,946,479	9,553,488	8,329,167	(1,224,321)	
Construction Services	512,010	7%	6,347,978	6,859,988	0	(6,859,988)	
Finance	0	0%	1,825,944	1,825,944	730,750	(1,095,194)	
Marketing Department	6,938,806	25%	20,479,635	27,418,441	23,662,380	(3,756,061)	
Information Services	311,558	21%	1,165,025	1,476,583	803,167	(673,416)	
Legal Department	70,454	21%	270,083	340,537	322,583	(17,954)	
Total Departmental Costs	11,220,841	23%	38,526,674	49,747,515	36,481,380	(13,266,135)	C
Total Hard & Soft Costs	76,929,337	29%	190,296,070	267,225,407	241,407,595	(25,817,812)	
Other Development Costs							
Land	20,254,249	100%	(0)	20,254,249	20,252,445	(1,804)	
Interest Costs	10,051,411	18%	45,030,525	55,081,936	43,114,942	(11,966,994)	
Financing Costs - L.O.C	3,109,096	86%	522,057	3,631,153	1,180,627	(2,450,526)	
Property Taxes	45,006	6%	654,668	699,674	587,321	(112,353)	
Capital Expenditures/ Community Loan Interest	428,838 (436,470)	38% #DIV/0!	712,540 436,470	1,141,378 -	1,175,730 -	34,352 -	
Total Other Development Costs	33,452,130	41%	47,356,260	80,808,390	66,311,065	(14,497,325)	D
Total Costs	110,381,466	32%	237,652,330	348,033,797	307,718,660	(40,315,137)	
Profit Margin	(85,928,193)		53,329,535	(32,598,659)	9,741,498	(42,340,157)	
Profit Margin %				-10.33%	3.07%	-13.40%	
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				12,752,030			

Kansas Campus, LLC

\$'s in Millions

Variations to Original Proforma by Reason

	<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)
10 Reclass of construction management services (2008)			
Phase Costs	B	6.9	
Departmental Costs	C	<u>(6.9)</u>	0.0
			<u>(42.3)</u>

Variance by line item (reference category code)

	<u>Total</u>
A Total Deposits (Deposits/ Working Capital/ Operating Lease)	(2.0)
B Phase Costs	(12.5)
C Departmental Costs	(13.3)
D Other Development Costs	(14.5)
Total Variance	<u>(42.3)</u>

4 Project Schedule

**Kansas Campus
Project Schedule
June 30, 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	Sep-09	(11.0)
Residential Building 1.4	May-09	Jul-10	(14.0)
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	Dec-09	22.0

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
Jun, 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	207,160	56,916	150,244
Assets Limited as to Use	3,018,947	2,706,890	312,057
Bonds Receivable	922,091	1,627,134	(705,043)
Other Current Assets	53,500	16,499	37,001
Total Current Assets	4,201,697	4,407,440	(205,742)
Fixed Assets			
Land and Improvements	21,871,824	21,573,226	298,598
Buildings	62,200,167	37,307,171	24,892,996
Other Fixed Assets	1,635,064	1,288,047	347,017
Total Fixed Assets	85,707,055	60,168,444	25,538,611
Accumulated Depreciation	(1,250,254)	(385,344)	(864,910)
Total Fixed Assets net of Depreciation	84,456,801	59,783,100	24,673,701
Construction in Progress	12,356,087	27,919,914	(15,563,827)
Total Fixed Assets, Net and CIP	96,812,889	87,703,014	9,109,874
Other Assets			
Community Note Receivable	9,964,609	6,307,616	3,656,994
Deferred Financing Costs, net	2,337,860	2,250,598	87,262
Total Other Assets	12,302,469	8,558,213	3,744,256
TOTAL ASSETS	113,317,056	100,668,667	12,648,388
LIABILITIES & MEMBERS' CAPITAL			
Current Liabilities			
Accounts Payable	50,728	92,142	(41,414)
Construction G.C. Payable	312,505	1,630,458	(1,317,954)
Retainage Payable	1,533,226	2,328,347	(795,122)
Other Current Liabilities	187,940	215,508	(27,568)
Short-Term Interest Payable	818,582	910,782	(92,200)
Development Fees Payable	1,215,834	648,900	566,934
Intercompany	251,401	296,291	(44,889)
Total Current Liabilities	4,370,216	6,122,428	(1,752,212)
Long-Term Liabilities			
Mortgage Payable	24,316,680	12,978,000	11,338,680
Line of Credit Payable	62,859,764	56,720,678	6,139,087
Sale/Leaseback Payable	25,000,000	25,000,000	-
Bonds Payable	14,950,000	14,950,000	-
Total Long-Term Liabilities	127,126,444	109,648,678	17,477,767
Total Liabilities	131,496,660	115,771,106	15,725,555
Members' Capital			
Members' Capital	(9,999,998)	(9,999,998)	-
Members' Capital Sub-Debt Interest	4,076,142	2,320,548	1,755,594
Development Fee Distributions	(1,215,834)	(648,900)	(566,934)
Retained Earnings	(6,774,088)	(6,774,088)	-
Current Year's Income (Loss)	(4,265,826)	-	(4,265,826)
Total Members' Capital	(18,179,605)	(15,102,438)	(3,077,167)
TOTAL LIABILITIES & MEMBERS' CAPITAL	113,317,056	100,668,667	12,648,388

ERICKSON RETIREMENT COMMUNITIES
Kansas Campus
Landowner Income Statement
Jun, 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	87,103	100,862	13,759	552,939	606,057	53,118
Construction Manganement Services	80,374	3,647	(76,728)	466,764	21,880	(444,884)
Administration	48,079	48,079	-	288,476	288,476	0
Marketing	162,296	151,706	(10,590)	722,189	910,966	188,777
Sales and Information	78,537	95,833	17,296	456,903	576,826	119,923
Information Services	16,884	16,884	-	101,306	101,306	0
Legal	3,914	3,914	-	23,486	23,486	-
Capitalized Costs	(314,892)	(269,219)	45,673	(1,889,875)	(1,618,032)	271,843
Net Departmental Expense	162,296	151,706	(10,590)	722,189	910,966	188,777
Other Operating Expenses						
Bank Charges/Other Fees	-	-	-	1,730	-	(1,730)
Depreciation	165,620	183,030	17,410	864,910	1,035,197	170,287
Amortization	53,165	-	(53,165)	210,654	-	(210,654)
Total Other Operating Expenses	218,785	183,030	(35,755)	1,077,294	1,035,197	(42,098)
Total Operating Expenses	381,081	334,736	(46,345)	1,799,484	1,946,163	146,679
Non-Operating Revenue						
Note Rec/Other Interest	49,370	49,381	(11)	355,354	239,788	115,566
Community Lease Revenue	102,038	125,775	(23,737)	483,113	576,808	(93,695)
Total Non-Operating Revenue	151,408	175,156	(23,748)	838,467	816,596	21,871
Non-Operating Expenses						
Interest Expense LOC, net(Sub-debt)	211,698	-	(211,698)	1,136,724	-	(1,136,724)
Mortgage Interest Expense	86,772	110,325	23,553	391,521	484,108	92,587
Equity Partner Interest Expense	175,000	291,667	116,667	1,050,000	1,750,000	700,000
Bond Interest Expense	-	74,750	74,750	-	448,500	448,500
Additional Equity Partner	116,667	-	(116,667)	700,000	-	(700,000)
Financing Costs	3,219	4,000	781	53,407	193,015	139,608
Real Estate & Other Taxes	-	-	-	(26,842)	-	26,842
Total Non-Operating Expenses	593,356	480,742	(112,614)	3,304,810	2,875,623	(429,187)
NET INCOME (LOSS)	(823,029)	(640,322)	(182,707)	(4,265,826)	(4,005,190)	(260,636)

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

07/17/08 2:58 PM

	<u>Period Activity</u>	<u>Year-to-Date</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	(823,029)	(4,265,826)
Adjustments to reconcile Net Income (Loss) to Net Cash (Used In) Provided by Operating Activities:		
Depreciation	165,620	864,910
Amortization	53,165	210,654
Changes in:		
Assets Limited as to Use	(633,744)	(312,057)
Other Current Assets	(53,500)	(37,001)
Current Liabilities	(13,899)	(68,982)
Interest Payable	51,993	(92,200)
Development Fees Payable	144,009	566,934
Intercompany	(434,516)	(44,889)
Net Cash (Used In) Provided by Operating Activities	(1,543,901)	(3,178,456)
Cash Flows from Investing Activities:		
CIP and Other Fixed Assets	(646,286)	(9,974,784)
Net Cash (Used In) Provided by Investing Activities	(646,286)	(9,974,784)
Cash Flows from Financing Activities:		
Deferred Financing Costs	-	(270,050)
Community Note Receivable	(247,007)	(3,656,994)
Retainage Withheld (Released)	(106,997)	(795,122)
Mortgage Proceeds	2,880,180	11,338,680
Change in General Contractor Payable	(230,307)	(1,317,954)
Proceeds (Repay) LOC Sub-Debt	(557,071)	6,139,087
Members' Capital	-	-
Members' Drawing	(144,009)	(566,934)
Net Cash (Used In) Provided by Financing Activities	1,594,789	10,870,714
Change in Cash	(305,945)	150,244
Beginning Cash Balance	513,104	56,916
Ending Cash Balance	207,160	207,160

9 Community Financial Statements

TCK
Comparative Balance Sheet
(in thousands)

	YTDJun FY08	YTDMay FY08	Change	YTDDec FY07	Change
Assets					
<i>Current Assets</i>					
Cash	438	628	(190)	273	165
Accounts Receivable	135	163	(28)	35	100
Inventory	25	29	(3)	27	(2)
Prepays	14	18	(3)	24	(10)
Short Term Notes Receivable	140	1,438	(1,298)	1,009	(869)
<i>Total Current Assets</i>	<u>753</u>	<u>2,276</u>	<u>(1,522)</u>	<u>1,368</u>	<u>(615)</u>
<i>Limited Use Cash and Investments</i>					
Escrow Deposits	652	1,794	(1,142)	1,142	(490)
Restricted Fund Accounts	14	14	0	9	4
<i>Total Limited Use Cash & Investments</i>	<u>666</u>	<u>1,808</u>	<u>(1,142)</u>	<u>1,152</u>	<u>(485)</u>
<i>Non-Current Assets</i>					
Fixed Assets- Net	2,314	2,341	(26)	2,344	(29)
LT Mortgage & Note Receivables	24,317	21,437	2,880	12,978	11,339
<i>Total Non-Current Assets</i>	<u>26,631</u>	<u>23,777</u>	<u>2,854</u>	<u>15,322</u>	<u>11,309</u>
Total Assets	<u>28,050</u>	<u>27,861</u>	<u>190</u>	<u>17,842</u>	<u>10,209</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable and Accrued Liabilities	813	747	66	1,111	(298)
<i>Total Current Liabilities</i>	<u>813</u>	<u>747</u>	<u>66</u>	<u>1,111</u>	<u>(298)</u>
<i>Non-Current Liabilities</i>					
Advance Deposits	426	431	(5)	435	(8)
Capital	24,682	24,236	446	14,692	9,990
Amort of Capital	(337)	(280)	(56)	(81)	(255)
Long Term Liabilities	9,965	9,718	247	6,308	3,657
<i>Total Non-Current Liabilities</i>	<u>34,736</u>	<u>34,104</u>	<u>632</u>	<u>21,353</u>	<u>13,383</u>
Total Liabilities	<u>35,549</u>	<u>34,852</u>	<u>697</u>	<u>22,464</u>	<u>13,085</u>
Net Assets					
Unrestricted Net Assets	(4,622)	(4,622)	-	(144)	(4,478)
Temporarily Restricted	5	5	0	0	4
Current Year Increase (Decrease) In Net Assets	<u>(2,881)</u>	<u>(2,373)</u>	<u>(508)</u>	<u>(4,478)</u>	<u>1,597</u>
Total Net Assets	<u>(7,498)</u>	<u>(6,991)</u>	<u>(508)</u>	<u>(4,622)</u>	<u>(2,876)</u>
Total Liabilities and Net Assets	<u>28,050</u>	<u>27,861</u>	<u>190</u>	<u>17,842</u>	<u>10,209</u>

TCK
Statement of Operations by Natural Expense
All LOB, All Entities
Jun, FY08
(in thousands)

	Jun		YTD(Jun)		YTDDec	
	Actual	BudVar	Actual	BudVar	Forecast	FcstVar
Operating Revenue						
Resident Monthly Fees	185	13	839	137	1,975	(96)
Departmental Revenues	58	(20)	545	114	955	3
Total Operating Revenue	243	(7)	1,385	251	2,929	(93)
Operating Expense						
Wages	240	0	1,349	55	2,809	121
Employee Benefits	53	(6)	281	(2)	607	(28)
Other Employee Expense	7	13	77	43	147	104
Contract Labor Expense	92	(22)	566	(136)	911	(8)
Supplies Expense	50	(7)	222	(36)	450	63
Repairs and Maintenance Expense	13	2	66	(1)	130	26
Professional Fee Expense	5	3	22	22	46	42
Purchased Services Expense	133	0	798	0	1,596	0
Other Expense	106	26	576	142	1,475	99
Operating Reserve Expense	0	0	0	0	0	0
Total Operating Expense	699	8	3,957	87	8,170	419
Operating Income	(456)	1	(2,572)	338	(5,241)	326
Net Rent	15	0	92	1	184	1
Interest Expense	47	2	271	(31)	610	8
Investment Income	5	5	28	28	40	40
47770-Amortization Income	56	(10)	255	(34)	620	(205)
59950-FF&E Depreciation Expense	50	(5)	229	21	550	(5)
Total Non-Operating Income	(52)	(9)	(309)	(14)	(684)	(161)
Increase (Decrease) in Net Assets	(508)	(7)	(2,881)	324	(5,925)	165

Current Month Occupancy

	Independent	Assisted Living	Skilled Nursing
Billed Units	96	#MISSING	#MISSING
Available Units	227	#MISSING	#MISSING
Occupancy %	42.4%	#MISSING	#MISSING

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

	<u>Current</u>	<u>YTD</u>
Cash Flows from Operating Activities		
Net Income	(508)	(2,881)
Adjustments to Reconcile Income		
Depreciation and Amortization Expense	50	229
Amortization Income	(56)	(255)
(Increase)/Decrease in Accounts Receivable	28	(100)
(Increase)/Decrease in Inventory	3	2
(Increase)/Decrease in Prepaid Expenses	3	10
Increase/(Decrease) in Accounts Payable and Accrued Liabilities	66	(298)
Net Cash Provided by Operating Activities	<u>(413)</u>	<u>(3,293)</u>
Cash Flows from Investing Activities		
(Increase)/Decrease in Short Term Notes	1,298	869
(Increase)/Decrease in Limited Use Cash and Investments	1,142	490
(Increase)/Decrease in Fixed Assets	(24)	(200)
(Increase)/Decrease in LT Mortgage & Note Receivables	(2,880)	(11,339)
Net Cash Used in Investing Activities	<u>(464)</u>	<u>(10,180)</u>
Cash Flows from Financing Activities		
Increase/(Decrease) in Advance Deposits	(5)	(8)
Increase/(Decrease) in Resident Deposits	446	9,990
Increase/(Decrease) in Long Term Liabilities	247	3,657
Net Cash Provided by Financing Activities	<u>688</u>	<u>13,638</u>
Increase (Decrease) in Cash	(190)	165
Aggregate Other Items to Reconcile Cash	-	-
Cash Beginning of Period	628	273
Cash End of Period	<u>438</u>	<u>438</u>

7 Supplemental Information

Kansas Campus, LLC Loan Covenant Compliance Summary

As of June 30, 2008

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	
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	\$ 144.0	
Letter of Credit Sub-Limit (in millions)	Maximum	\$ 7.0	-	
Working Capital Loan Sub-Limit (in millions)	Maximum	\$ 30.0	\$ 9.5	
PTD Absorbtion/Month	Minimum	10.0	10.7	

* 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

July 31, 2008

PNC Bank
Two Hopkins Plaza
Baltimore, Maryland 21201

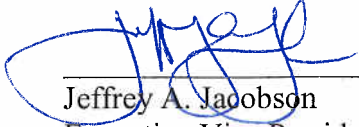
Attention: Chip Woelper

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 June 30, 2008. To the best knowledge of the undersigned, who is Chief Financial Officer of the entities submitting such financial statements, no Default, with the exception noted below, 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.

Compliance Exception: Section 8.1 of the Loan Agreement with PNC requires a building to be substantially completed within certain parameters compared to the original project schedule. Buildings CB1.0 to RB2.1 must be completed within 90 days of the original projected date, buildings after RB2.1 must be completed within 6 months of the original project schedule date. Due to adjustments to the project schedule, Kansas Campus no longer meets this requirement. Discussions to adjust the project schedule documented in the loan agreement have been initiated.



Jeffrey A. Jacobson
Executive Vice President
& Chief Financial Officer

Kansas Campus, LLC
Balance Test
 Projected: As of June 30, 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	17,306,000	5,252,200		
Residential	1.2		139	259,064	36,009,930	7,010,680	28,999,250		
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		152	157,169	23,889,718	0	23,889,718	1,200,000	
Minimum Coverage Amount								9,000,000	
			1,252	331,985,827			24,316,680	307,669,147	10,800,000

BALANCE TEST COMPUTATIONS

	Estimate at Completion Through 2015
Future Deposits Remaining to Be Collected	307,669,147
Operating Lease through December 2015	11,202,818
Less: Working Capital Loan	(27,890,100)
Purchase Option ³	27,300,000
Total Future Deposit/Lease Cash Receipts	318,281,865
Total Future Anticipated Cash Receipts	318,281,865
Cost to Complete:	
Hard Costs ¹	120,667,884
Soft Costs ²	97,461,649
Total Costs to Complete	218,129,534
Cash on Hand/AR	3,279,607 ✓
Other Current Liabilities	
Construction G.C. Payable	1,533,226
Retainage Payable/Current Liabilities *	2,836,991
Total Other Current Liabilities	4,370,216
Line of Credit Payable/Subordinate Debt	62,859,764
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	321,159,514

BALANCE TEST**401,958 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.