

Erickson Retirement Communities, LLC
Consolidated Balance Sheets (Audit Format)
As of September 30, 2009
 (in 000s)

	As of September 30, 2009	As of December 31, 2008
	(unaudited)	
Current Assets		
Cash and cash equivalents	\$ 18,907	\$ 32,281
Restricted Cash	16,864	23,050
Short term investments, available for sale	15,921	94,425
Assets limited as to use	14,283	38,323
Receivable on the sale of assets	30,905	34,682
Bond Proceeds Receivable	814	813
Accounts Receivable	11,547	6,246
Prepaid expenses and other	6,521	4,328
Total current assets	115,762	234,148
Property, plant and equipment, net	2,277,803	2,188,141
Investment in new sites	62,224	84,412
Deferred financing costs, net	10,824	12,781
Notes receivable from Communities	190,468	185,508
Note receivable, BBV	17,558	17,558
Note receivable, RWV	13,449	13,449
Deferred Growth Participation Plan fund	2,920	3,242
Cash surrender value - officer's life Insurance	123	136
Total assets	\$ 2,691,131	\$ 2,739,375
Liabilities and Members' equity		
Current liabilities:		
Construction accounts payable and accrued expenses	\$ 54,589	\$ 36,114
Corporate accounts payable and accrued expenses	14,312	12,599
Accrued payroll and benefits	27,368	19,671
Accrued insurance claims	5,152	4,642
Interest Payable	4,012	5,041
Corporate line of credit	105,625	15,817
AR Deposit clearing	(1)	541
Total current liabilities	211,057	94,425
Borrowings under construction lines of credit	347,499	469,896
Corporate revolver	195,750	236,500
Land financings	42,355	41,952
Special tax district financing, net of current portion	44,220	44,715
Borrowings under community loans, net of current portion	1,384,191	1,238,106
Purchase Deposits	475,000	507,000
Real estate financing obligation	223,350	223,350
Preferred Debt Financing	26,250	25,000
Subordinated debt	47,845	47,845
Accrued interest rate swap liability	1,554	8,596
Growth Participation Plan payable - net of current portion	26,454	26,364
Total Liabilities	3,025,525	2,963,748
Total members' equity (deficit)	(334,394)	(224,373)
Total liabilities and members' equity	\$ 2,691,131	\$ 2,739,375

Erliden Retirement Communities
Consolidated Balance Sheet
As of September 30, 2009
(unaudited)
(In 000s)

	TFC	PVC	CCL	CC	HC	LNC	WHC	WBP	NC	KC	COL	DAL	HOU	LTN	NAP	ASH	WTC	STL	Total	
Current Assets																				
Cash and cash equivalents																				
Restricted Cash	152	116	-	755	1,298	157	6,390	-	1,398	20	1	2	1,982	1,459	53	280	-	-	14,054	
Short term investments, available for sale	-	30,905	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,905	
Receivable on the sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts receivable	(30)	81	-	2,089	(4)	236	(58)	-	2,292	(60)	17	(122)	31	10	(310)	(138)	-	-	4,008	
Accounts payable	12	-	-	-	-	-	-	-	15	-	-	-	-	669	14	-	-	-	944	
Accounts receivable-other	-	-	-	110	-	-	-	-	29	-	-	-	-	37	14	-	-	-	47	
Prepaid expenses	-	-	-	1,538	-	-	13	-	122	4,852	-	62	-	1,175	1,483	76	-	-	14,283	
Assets limited as to use	-	-	-	4,502	1,295	1,692	6,345	-	3,836	5,926	18	735	2,013	3,347	1,501	2,856	-	-	65,479	
Total current assets	126	31,102	-	15,965	260,148	300,458	202,545	293,722	180,025	101,409	70,484	128,230	128,875	202,236	161,966	170,285	12,165	19,297	2,274,813	
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred financing costs, net	-	-	-	-	-	-	409	-	-	-	-	-	-	-	-	-	-	-	-	
Investment in subsidiaries	-	-	-	347	-	-	-	-	409	-	-	-	-	-	-	-	-	-	-	
Community working capital line of credit receivable	-	-	-	21,904	-	10,214	-	-	41,046	15,548	3,702	24,315	33,839	19,761	9,894	2,841	9,092	-	198,074	
Total assets	10,348	31,102	15,965	296,902	301,753	219,243	300,087	238,007	124,448	75,492	154,335	161,921	226,072	179,796	164,744	12,165	19,297	2,537,850		
Liabilities and Members' equity																				
Current liabilities:																				
Community construction payables and accrued expenses	7,752	1,459	228	12,556	467	6,307	633	-	10,417	4,876	11,073	7,967	7,688	10,587	1,639	9,331	272	318	83,651	
Interest payable	5,552	-	-	-	-	-	-	-	31,566	441	-	54,456	-	-	-	-	-	-	-	86,023
Accrued portion of long term debt, lines of credit and other	206	245	-	295	241	202	230	-	177	186	224	218	209	220	220	228	-	-	3,082	
Accrued payroll and benefits	10,196	60	-	6,219	8,743	36,053	5,980	-	25,578	10,317	4,426	5,179	29,585	34	10,003	228	-	-	152,009	
Other (for term)	2,328	794	-	1,540	453	2,548	480	-	2,319	2,636	2,173	1,885	1,885	34	3,796	1,497	(3)	(4)	25,303	
Total current liabilities	23,994	2,248	228	20,927	9,924	44,950	7,223	-	70,057	18,458	16,849	69,992	39,378	10,841	15,589	11,054	259	314	396,039	
Long term debt - net of current portion:																				
Borrowings under construction lines of credit	-	-	-	66,110	-	73,917	273,110	-	155,148	82,296	46,670	88,356	43,941	83,869	35,775	64,423	-	-	347,499	
Community mortgage loans	-	-	-	204,246	177,768	73,917	273,110	-	33,484	33,484	-	87,837	139,395	139,395	57,775	107,158	-	-	1,327,452	
Total long term debt, net of current portion	-	-	-	270,356	177,768	73,917	273,110	-	188,632	115,780	46,670	88,356	131,776	203,252	93,550	171,578	-	-	1,574,951	
Deposits for Purchase of Community Assets	-	-	-	145,000	-	125,000	75,000	-	-	-	-	-	-	-	-	-	-	-	475,000	
Notes Payable	-	26,250	10,000	25,000	-	14,515	19,500	-	17,000	23,000	21,250	17,500	23,000	25,000	14,755	50,000	-	-	38,844	
Real estate financing obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	246,600	
Special tax district funding	-	-	-	-	-	-	-	-	-	-	928	-	-	-	-	-	-	-	928	
Accrued interest rate swap liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,220	
Total liabilities	23,994	28,798	10,229	315,927	332,672	295,422	374,853	252,206	154,186	87,797	177,989	194,196	239,039	196,099	232,633	9,893	15,314	2,608,321		
Net Income Year to Date	(1,113)	(2,777)	(391)	(7,103)	(4,813)	(5,385)	(10,201)	-	(6,816)	(8,170)	(6,304)	(8,881)	(7,514)	(7,319)	(5,284)	(11,368)	(517)	(752)	(83,488)	
Common Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Members' Capital	25,751	16,000	6,304	25,000	38,313	23,000	22,000	448	40,000	15,000	21,108	22,500	18,000	48,688	56,828	25,860	4,705	5,411	413,319	
Members Distributions	(26,846)	8,933	(1,177)	(24,818)	(23,891)	(23,700)	(17,908)	(448)	(18,800)	(21,000)	(22,897)	(21,000)	(21,000)	(18,669)	(52,609)	(52,267)	-	-	(327,488)	
Development Distributions	(13,337)	(20,852)	-	(10,488)	(12,148)	(12,150)	(52,048)	-	(8,390)	6,409	2,796	6,850	14,785	5,212	10,184	13,861	-	-	115,352	
Unrealized gain (loss) on investments	(15,645)	2,304	5,736	(29,025)	(30,819)	(43,179)	(74,786)	-	(14,199)	(29,740)	(12,205)	(23,633)	(32,235)	(13,320)	(16,301)	(47,889)	2,772	3,903	(398,981)	
Total members' equity (deficit)	10,348	31,102	15,965	296,902	301,753	219,243	300,087	238,007	124,448	75,492	154,335	161,921	226,072	179,796	164,744	12,165	19,297	2,537,850		
Total liabilities and members' deficit	10,348	31,102	15,965	296,902	301,753	219,243	300,087	238,007	124,448	75,492	154,335	161,921	226,072	179,796	164,744	12,165	19,297	2,537,850		

Erickson Retirement Communities, LLC
Consolidated Income Statements (Audit Format)
For the Periods Ending September 30, 2009 and 2008
 (in 000s)

	<u>2009</u>	<u>2008</u>
	(unaudited)	
Operating revenues and gains		
Facility rent	\$ 67,340	\$ 63,897
Interest expense on community mortgage loans	(56,489)	(53,383)
Net facility rent	<u>10,851</u>	<u>10,514</u>
Gain on distribution of subsidiary	4,016	112,929
Management fees	21,963	19,257
Total revenue and gains	<u>36,830</u>	<u>142,700</u>
Expenses:		
Landowner selling, general and administrative	34,920	11,058
Corporate general and administrative	28,160	24,873
Depreciation and amortization	47,805	43,301
Total expenses	<u>110,885</u>	<u>79,232</u>
Operating income (loss)	(74,055)	63,468
Interest revenue	8,376	12,589
Interest expense	(57,927)	(67,955)
Loss on disposition of assets	-	-
Other income (expense)	13,078	6,754
Total other revenue (expense)	<u>(36,473)</u>	<u>(48,612)</u>
Net income (loss)	<u>\$ (110,528)</u>	<u>\$ 14,856</u>

Erickson Retirement Communities
Consolidating Income Statement
For the Period Ending September 30, 2009
(unaudited)
(in 000s)

	Erickson Retire. Comm.	Senior Campus Services	Senior Campus Care	SCL Realty II	Landowners	Erickson Construction LLC	SCL Realty	Total	Elimination Entries	Consolidated
Operating revenues and gains										
Facility rent	-	-	-	-	67,340	-	-	67,340	-	67,340
Interest exp on community mortgage loans	-	-	-	-	(56,489)	-	-	(56,489)	-	(56,489)
Net facility rent	-	-	-	-	10,851	-	-	10,851	-	10,851
Construction Income net Gain on distribution of subsidiary	-	-	-	-	-	4,480	-	4,480	(4,480)	-
Management fees	(6)	-	-	-	4,022	-	-	4,016	-	4,016
Total revenue and gains	21,953	-	-	-	14,873	4,480	-	21,953	-	21,953
21,957	-	-	-	-	-	-	-	41,310	(4,480)	36,830
Expenses:										
Landowner, selling, general and administrative Corporate selling, general and administrative Depreciation and amortization	-	-	-	-	34,845	2,591	-	37,436	(2,516)	34,920
	21,432	-	-	12	-	-	109	28,160	-	28,160
	7,596	-	37	82	40,066	45	24	47,840	(35)	47,805
Total expenses	29,018	-	6,644	94	74,911	2,636	133	113,436	(2,551)	110,885
Operating Income (loss)	(7,061)	-	(6,644)	(94)	(60,039)	1,844	(133)	(72,126)	(1,929)	(74,055)
Other revenue (expense)										
Interest revenue	2,540	-	-	-	5,804	32	-	8,376	-	8,376
Interest expense	(13,187)	-	-	(175)	(44,565)	-	-	(57,927)	-	(57,927)
Other Income (expense)	(94,904)	-	6,872	-	5,311	-	-	(82,721)	95,799	13,078
Total other revenue (expense)	(105,551)	-	6,872	(175)	(33,450)	32	-	(132,272)	95,799	(36,473)
Net Income (loss)	(112,612)	-	228	(289)	(93,489)	1,876	(133)	(204,398)	93,870	(110,528)

Enkision Retirement Communities
 Consolidating Income Statement - Landowners
 For the Period Ending September 30, 2009
 (in 000s)

	TFC	PVC	COL	CO	HC	LNC	WMC	WSP	NC	HC	COL	DAL	HOU	LTN	NAP	ASH	WTC	STL	Tdd
Operating revenues and gains																			
Facility rent	-	-	-	3,850	9,927	3,457	15,376	-	8,025	1,165	-	3,620	3,714	6,264	1,345	3,265	-	-	4
Interest on community mortgage loans	-	-	-	(7,354)	(7,152)	(2,781)	(13,850)	-	(7,572)	(1,048)	-	(3,620)	(5,520)	(8,595)	(1,441)	(2,429)	-	-	4
Net facility rent	-	-	-	2,496	2,775	676	1,526	-	1,348	117	-	-	182	699	141	452	-	-	4
Construction income net	281	3,741	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Distribution of Subsidiary Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue and gains	281	3,741	-	2,496	2,775	676	1,526	-	1,348	117	-	-	182	699	141	452	-	-	4
Expenses:																			
Landowner selling, general and administrative	2,338	3,292	-	2,552	2,876	2,795	2,856	-	2,521	1,368	1,344	2,457	2,613	2,108	3,272	2,529	-	-	34,845
Corporate general and administrative	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Owner Participation Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	29	4,680	5,172	3,461	6,328	-	4,224	2,002	304	2,218	2,209	3,357	2,640	3,281	-	-	40,066
Total expenses	2,338	3,292	29	7,232	7,948	6,256	9,284	-	6,725	3,370	1,648	4,675	4,822	5,475	5,912	5,809	-	-	74,911
Operating income (loss)	(2,057)	449	(73)	(4,736)	(5,073)	(5,579)	(7,757)	-	(5,376)	(3,253)	(1,648)	(4,364)	(4,720)	(4,619)	(5,771)	(5,457)	-	(11)	(80,028)
Other revenue (expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest revenue	(8)	(4,262)	(342)	(3,141)	(28)	(294)	(3,089)	-	1,655	463	111	731	898	590	594	287	-	-	5,804
Other income (expense)	552	1,150	-	244	443	154	642	-	(3,443)	(13)	(3,787)	(5,420)	(4,157)	(2,860)	(285)	(6,198)	-	-	(44,565)
Total other revenue (expense)	544	(3,262)	(352)	(2,897)	(49)	(140)	642	-	(1,440)	(13)	(3,676)	(4,689)	(3,259)	(2,270)	(189)	(5,911)	-	-	5,311
Net Income (Loss)	(1,113)	(2,277)	(281)	(7,103)	(4,619)	(5,569)	(10,281)	-	(6,816)	(6,173)	(5,264)	(9,053)	(7,214)	(7,319)	(5,284)	(11,268)	(517)	(752)	(93,460)

Balance Sheet Code	Legal Entity	Filing Status
Consolidated Balance Sheet		
Erickson Retire. Comm.	Erickson Retirement Communities, LLC	Debtor
Senior Campus Services	Senior Campus Services, LLC	Debtor
SCL Realty II	SCL Realty II, LLC	Non-Debtor
SCL Realty	SCL Realty, LLC	Non-Debtor
Senior Campus Care	Senior Campus Care, LLC	Non-Debtor
Erickson Construction LLC	Erickson Construction, LLC	Debtor
Landowners	See Below	

Landowners Balance Sheet

TFC	Tinton Falls Campus II, LLC	Non-Debtor
PVC	Point View Campus II, LLC	Non-Debtor
Concord	Concord Campus, L.P.	Debtor
Higham	Hingham Campus, LLC	Non-Debtor
Lincolnshire	Lincolnshire Campus, LLC	Non-Debtor
Warminster	Warminster Campus, L.P.	Debtor
Novi	Novi Campus, LLC	Debtor
Kansas	Kansas Campus, LLC	Debtor
COL	Columbus Campus, LLC	Debtor
Dallas	Dallas Campus, L.P.	Debtor
Houston	Houston Campus, L.P.	Debtor
Littleton	Littleton Campus, LLC	Debtor
Naperville	Naperville Campus, LLC	Non-Debtor
Ashburn	Ashburn Campus, LLC	Debtor
WTC	Charlotte Campus, LLC	Non-Debtor
STL	St Louis Campus, LLC	Non-Debtor
CCL	Westminster Campus, LLC	Non-Debtor

Erickson Retirement Communities, LLC
Consolidated Statement of Changes in Members' Equity
For the Period Ending September 30, 2009
 (in 000s)
 (unaudited)

	Additional Paid in Capital	Accumulated Earnings	Unrealized Gain on Investments	Total Members' Deficit
Balance, December 31, 2008	\$ 1,055	\$ (225,619)	\$ 191	\$ (224,373)
Net Income (loss)	-	(110,528)	-	(110,528)
Distribution to member	-	-	-	-
Increase in value of Common B shares	-	-	-	-
Distribution of Common B shares	-	-	-	-
Change in unrealized gain on investments	-	-	507	507
Balance, September 30, 2009	<u>\$ 1,055</u>	<u>\$ (336,147)</u>	<u>\$ 698</u>	<u>\$ (334,394)</u>

ERICKSON RETIREMENT COMMUNITIES, LLC
CONSOLIDATED STATEMENT OF CASH FLOWS (AUDIT FORMAT)
For the Periods Ending September 30, 2009 and 2008
(in 000s)

	2009	2008
	Unaudited	
Cash flows from operating activities		
Net Income (Loss)	\$ (110,528)	\$ 14,856
Adjustments to reconcile Net Income (Loss) to Net Cash provided by Operating Activities		
Depreciation & amortization	47,858	15,169
(Increase) decrease in receivable on the sale of assets	3,777	22,624
(Increase) decrease in accounts receivables	(5,301)	10,122
(Increase) decrease in prepaid expenses	(2,193)	1,554
(Increase) decrease in deferred GPP fund	322	2,352
Increase (decrease) in corporate accounts payable and accrued expenses	18,475	2,329
Increase (decrease) in accrued payroll and benefits	7,697	448
Increase (decrease) in AR Deposit Clearing	(542)	(168)
Distribution of GPP liability	90	(30,122)
Increase (decrease) in accrued insurance claims	510	705
Increase (decrease) in interest payable	(1,029)	(5,097)
Net Cash Provided (Used) by Operating Activities	\$ (40,864)	\$ 34,772
Cash Flows From Investing Activities		
(Increase) decrease in restricted cash	6,186	(10,733)
(Increase) decrease in investment in assets limited as to use	24,040	(18,272)
Purchase of securities available for sale, net	79,011	(45,103)
Purchase of property, plant and equipment	(134,287)	(85,124)
(Increase) decrease in Investments in New Sites	22,188	(34,782)
(Increase) decrease in cash surrender value-officer's life insurance	13	-
(Increase) decrease in note and line of credit receivable	(4,960)	(24,782)
(Increase) decrease in deferred management fees receivable	-	(125)
Increase in community construction payables and accrued exp	1,713	3,291
Net Cash Provided (Used) by Investing Activities	\$ (6,096)	\$ (215,630)
Cash Flows From Financing Activities		
Decrease in current portion of long term debt, lines of credit and other	3,800	7,045
Borrowings on long-term debt	230,938	143,634
Repayments of long-term debt	(121,241)	(123,033)
Borrowings on corporate revolver	(40,750)	-
Increase in real estate financing obligations	1,250	21,350
Increase (decrease) in deposits for purchase of community assets	(32,000)	(55,000)
(Increase) decrease in bonds receivable	(1)	1,394
(Increase) decrease in deferred financing costs	(1,276)	(4,016)
Increase (decrease) in notes payable	403	38,140
Increase (decrease) in interest rate swap liability	(7,042)	159
Special Tax District Financing	(495)	-
Net Cash Provided (Used) by Financing Activities	\$ 33,586	\$ 29,673
Change in Cash	(13,374)	(151,185)
Beginning Cash Balance	32,281	189,598
Ending Cash Balance	\$ 18,907	\$ 38,413