



Washington State Housing Finance Commission, Nonprofit Housing Revenue Bonds (Wesley Homes at Bradley Park Projects), Series 2016A-1 (Fixed Rate Bonds), \$15,390,000 and Series 1 2016C-1 (Fixed Rate Bonds), \$2,000,000, Dated: December 13, 2016

Series 2016

A separate written statement of the accountants preparing such report containing calculations of the Obligor's Debt Service Coverage Ratio for such Fiscal Year and the Obligor's Days' Cash on Hand at the end of such Fiscal Year to the extent that such covenants are required to be satisfied in any such Fiscal Year by the Obligor in accordance with the Continuing Covenants Agreement

This is NA at this time.

Section 4.12. Debt Service Coverage Ratio.

(a) The Borrower will charge and collect such rents, fees and other charges with respect to the Mortgaged Property and will restrict expenses relating to the Mortgaged Property as shall be necessary to achieve as of the last day of each Fiscal Quarter ending after the earlier of (i) **24 months following receipt by the Borrower of the Certificate of Occupancy**, and (ii) **January 1, 2020**, a Debt Service Coverage Ratio of at least 1.25 to 1.00. The Borrower shall provide certificates to the Bondholder Representative and the Bond Trustee setting forth the calculation of the Debt Service Coverage Ratio at the times and in the manner provided in Section 4.3.

Series 2016

The Guarantor's Days' Cash on Hand at the end of such Fiscal Year to the extent that such covenant is required to be satisfied in any such Fiscal Year by the Guarantor in accordance with the Guaranty Agreement

This is NA at this time.

Section 4.13. Days' Cash on Hand.

(a) The Borrower covenants and agrees to maintain, as of June 30 and December 31 of each Fiscal Year, (i) **commencing on June 30, 2019**, at least 70 Days' Cash on Hand, (ii) commencing on December 31, 2019, at least 80 Days' Cash on Hand and (iii) commencing on December 31, 2020 and thereafter, at least 90 Days' Cash on Hand (as applicable, the "Liquidity Requirement"), as shown on the Borrower's quarterly or annual financial statements delivered to the Bond Trustee and the Bondholder Representative pursuant to Section 4.3. The Borrower shall provide a certificate to the Bondholder Representative and the Bond Trustee demonstrating compliance with the Liquidity Requirement at the times provided in Section 4.3.

Series 2016

Management's discussion and analysis of the Obligor's results for such Fiscal Year

In 2016, the borrower had a net loss of \$355,266 of which \$184,041 was for marketing salaries and advertising expenses. In addition to the marketing expenses, \$171,225 in fund raising costs was allocated by the Foundation to Bradley Park. This allocation was based on the actual effort expended for the borrower's campaign.

Des Moines had a net loss in 2016 of \$169,597 versus a \$26,919 profit in 2015. The change is primarily due to the campus redevelopment. Despite a 3.5% rent increase in 2016, revenues were flat to 2015 due to falling census in existing units and the demolition of units (e.g., cottages) for the new development phase. Falling rents plus a non cash disposal charge for the cottages resulted in a \$410,498 operating loss. This loss was offset by investment gains resulting in the overall \$169,597 loss.

Appendix A- SELECTED OPERATING RESULTS						
Series 2016						
Selected Statement of Operations and Changes in Net Assets						
	For the Fiscal Years Ended					
	2016					
Operating Revenue						
Resident/Client Services Revenue						
Amortization of Resident Entrance Fees						
Other Income						
Net Assets Released from Restrictions						
Total Operating Revenues						
Expenses						
Operating Expenses	184,041					
Management Fees						
Bad Debt Expense						
Depreciation and Amortization						
Interest Expense						
Total Expenses						
Operating Income	(184,041)					
Other Income (Expense)	(171,225)					
Excess of Revenues Over Expenses	(355,266)					
Change in related parties Receivable						
Payable						
Change in Net Assets	(355,266)					
Source: 2016 Audited Financials						
Series 2016						
Selected Balance Sheet Information						
	For the Fiscal Years Ended					
	2016					
ASSETS						
Cash	-					
Current Assets	-					
Investments	-					
Property, Buildings & Equipment, Net	5,230,009					
Other Assets	13,734,264					
TOTAL ASSETS	18,964,273					
(Other Assets includes \$13.5MM in unused bond proceeds)						
LIABILITIES AND NET ASSETS						
Current Liabilities	3,140,073					
Other Non-Current Liabilities	16,353,326					
Net Assets	(529,126)					
TOTAL LIABILITIES AND UNRESTRICTED						
NET ASSETS	18,964,273					
Source: 2016 Audited Financials						
Series 2016						
Modified Cash Flow Statement						
	For Years Ended					
	2016					
Change in Unrestricted Net Assets	(355,266)					
Change in Related Parties						
Receivables/Payable						
Non-cash Items and Add-backs						
Depreciation and Amortization						
Bad Debt Expense						
Entrance Fee Amortization						
Net Entrance fees Rec'd	582,099					
UR Gains/Losses						
Interest Expense						
Income Available for Debt Service	226,833					
Source: 2016 Audited Financials						

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