



April 25, 2017

Melissa Matthews
US Bank Corporate Trust Services
21 South Street
EX-NJ-WSSM
Morristown, NJ 07960-4135

Dear Melissa Matthews:

As required in the Loan and Trust Agreement for the *Montgomery County Industrial Development Authority Revenue Bonds (Foulkeways at Gwynedd Project, Series of 2016)*, please accept this letter as Certification that Foulkeways at Gwynedd, as the obligated Group, is in compliance with the covenants, agreements and obligations of the agreement as of the unaudited results of the most recent fiscal year end, December 31, 2016.

A copy of the Covenant Calculations is attached.

Sincerely,

A handwritten signature in blue ink, reading 'D. Michael Peasley', is positioned above the printed name.

D. Michael Peasley
Chief Executive Officer



Quaker Affiliated – Established in 1967 – Foulkeways at Gwynedd is dedicated to providing innovative and comprehensive services that promote respect, independence and choice.



FOULKEWAYS AT GWYNEDD
CALCULATION OF BOND CONVENANTS
DECEMBER 31, 2016
FINAL

Debt Service Coverage Ratio

. . . the ratio of the aggregate Income Available for Debt Service of all Obligated Group Members to Maximum Annual Debt Service on all Long-Term Debt of the Obligated Group Members other than NonRecourse Debt. . . "Maximum Annual Debt Service" on all Long-Term Debt of the Obligated Group Members shall include, with respect to such Obligation or Debt, only that amount of interest and principal (if any) which is to be funded from operations, including therein (i) interest and principal (if any) funded from operations which is due to the Holders of such Obligation or Debt on the first day immediately following the end of such Fiscal Year and (ii) interest funded or to be funded from operations and accrued as a current expense as of the end of such Fiscal Year.

Change in unrestricted net assets	(\$552,126.00)
Less:	
Amortization of resident entry fees	\$4,984,828.00
Unrealized Gain (Loss) on Investments	\$217,952.00
Change in Accrued Pension Liability	\$674,916.00
Gain (Loss) from Sale of Property and Equipment	(\$219,137.00)
Plus:	
Depreciation and amortization	\$4,171,592.00
Cash Entry Fees Received	\$7,560,681.00
Interest Paid by Community	\$1,068,308.00
Capitalized Interest	\$928,000.00
Income Available for Debt Service	\$7,517,896.00
Maximum Annual Debt Service - Series B, 2016 and Bank Qualified	\$3,222,394.35
Debt Service Coverage Ratio	2.33
Debt Service Coverage Ratio Required (per Line of Credit)	1.20

FOULKEWAYS AT GWYNEDD
CALCULATION OF BOND CONVENANTS
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Days' Cash on Hand

. . . Shall mean the number determined by dividing (i) the aggregate unrestricted cash and marketable securities and board designated funds of the Obligated Group . . . Excluding amounts held in any Fund under this Agreement or otherwise attributable to indebtedness of the Obligated Group, divided by (ii) the quotient determined by dividing (a) total operating expenses of the Obligated Group for the immediately preceding Fiscal Year, including interest expense, but excluding depreciation and amortization and other non-cash charges, as shown on the audited financial statements of the Obligated Group for each Fiscal Year, by (b) 365.

Cash and Cash Equivalents	\$2,226,762
Investments	\$19,715,804
Board-designated investments	\$1,327,063
Statutory Liquid Reserve	<u>\$2,712,304</u>
 Total Available for Days' Cash on Hand	 \$25,981,933
 Total Operating Expenses	 \$28,698,199
Less: Depreciation and Amortization	<u>\$4,171,592</u>
Net Operating Expenses	<u>\$24,526,607</u>
 Divided by : 365 Days	 365
 Daily Expense	 \$67,196
 Days' Cash on Hand	 387
Days' Cash on Hand Required	180