



WESLEY HOMES™

June 19, 2017

Ms. Shana Blanchard
DAC Bond
315 East Robinson Street, Suite 300
Orlando, FL

Dear Ms. Blanchard:

As the Disclosure Representative, I am certifying to you as the Disclosure Dissemination Agent, the May 2017 Financial Statements delivered to you and to be submitted to the MSRB under the Washington State Housing Finance Commission Nonprofit Housing Revenue Bonds (Wesley Homes At Des Moines Project), Series 2016 – Continuing Covenant Agreement dated November 1, 2016 fairly represent the financial position and results for the periods presented, subject to year-end adjustments.

I certify that the submitted statements comply with the terms of the covenant agreement pertaining to the following CUSIP numbers:

- | | | |
|-------------|-----------|-----------|
| • 939783TU0 | 939783UC8 | 939783UG9 |
| • 939783TV8 | 939783UD6 | 939783UH7 |
| • 939783TW6 | 939783UE4 | 939783UJ3 |
| • 939783TX4 | | 939783UK0 |

Please feel free to call me at (206) 870-1223 or e-mail me at JYamamoto@WesleyHomes.org if you have any questions or comments or require any additional information.

Sincerely,



Jim Yamamoto
VP of Finance
Wesley Homes
(206) 870-1223
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Wesley Homes
Consolidated Balance Sheet
5/31/2017

	Des Moines	Lea Hill	Corporate	Puyallup	Renton	Community Health Svs	Wesley Homes At Home	Home Health Hospice	Foundation	Eliminations	Consolidated
ASSETS											
CURRENT ASSETS											
Cash	\$399,428	\$153,357	-	\$110,500	-	\$191,660	\$373,506	(\$121,744)	\$756,733		\$1,863,441
Cash Equivalents - Investments	109,259	48,959							46,788		205,005
Total cash	508,687	202,316	-	110,500	-	191,660	373,506	(121,744)	803,520		2,068,446
Assets Restricted for Use	109,679								167,245		276,924
Undesignated investments	6,560,770	3,173,030							1,595,342		11,329,143
Accounts Receivable, net	1,168,793	1,316,743	(18,750)			301,561	582,554			(227,497)	3,123,403
Current Portion Residency Fees Receivable	291,030	670,063									961,093
Current Portion of Notes Receivable											
Other Current Assets	169,249	66,249	172,456	10,000			6,566	2,059	42,865		469,443
Due to/from	8,171,386	607,421	(5,258,587)	(1,844,537)	(1,273,774)	(588,193)	(645,803)	12,375	819,753		39
Total Current Assets	16,979,594	6,035,822	(5,104,881)	(1,724,037)	(1,273,774)	(94,972)	316,822	(107,310)	3,428,725	(227,497)	18,228,491
ASSETS LIMITED AS TO USE											
Board-Designated Investments	6,675,604								2,273,325		8,948,928
Donor-Restricted Investments									5,870,239		5,870,239
Trust Held Funds and Restricted Investment	2,722,571	4,155,003	109,250	11,604,357					1,593,535		20,184,716
Total Assets Limited as to Use	9,398,175	4,155,003	109,250	11,604,357					9,737,099		35,003,883
Less Current Portion of Assets Limited as to	109,679								167,245		276,924
Non-Current Assets Limited as to Use	9,288,496	4,155,003	109,250	11,604,357					9,569,854		34,726,960
LAND, BUILDING, AND EQUIPMENT, net	24,361,624	46,602,005	4,854,362	7,731,441	1,292,664	2,236	1,219				84,845,550
OTHER ASSETS											
Pledges Receivable									1,030,964		1,030,964
Intangible Assets							350,000				350,000
Notes Receivable, net of current Portion	166,792										166,792
Intercompany Loans		951,488	(126,861)	(350,625)	(25,116)	(245,903)	(329,844)		126,861		
Total Other Assets	166,792	951,488	(126,861)	(350,625)	(25,116)	(245,903)	20,156		1,157,825		1,547,756
Total Assets	50,796,506	57,744,318	(268,130)	17,261,136	(6,226)	(338,640)	338,197	(107,310)	14,156,404	(227,497)	139,348,757

Wesley Homes
Consolidated Balance Sheet
5/31/2017

	Des Moines	Lea Hill	Corporate	Puyallup	Renton	Community Health Svs	Wesley Homes At Home	Home Health Hospice	Foundation	Eliminations	Consolidated
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts Payable	1,111,019	526,628	45,814	791,782		3,529	73,957	5,318	11,009	(12,896)	2,556,159
Accrued Salaries & Related Benefits	949,162	251,670	871,416	8,193		127,713	80,301	17,092	38,037		2,343,585
Accrued Interest	86,785	1,029,446		457,664							1,573,895
Advance Payment Liability							36,640				36,640
Funds held for Residents	68,355	82,000	21,500	89,653							261,508
Line of Credit											
Current portion of refundable advance resic	380,000										380,000
Current Portion of Gift Annuities									154,000		154,000
Current Portion of Capital Lease											
Current Portion of Long Term Debt											
Total Current Liabilities	2,595,321	1,889,744	938,729	1,347,293	-	131,243	190,897	22,410	203,046	(12,896)	7,305,787
Long Term Debt, net of current portion	7,370,000	54,217,430		17,390,000							78,977,430
Deferred Financing Costs	(736,648)	(1,121,390)		(1,617,753)							(3,475,791)
LONG TERM DEBT, net of current portion	6,633,352	53,096,040	-	15,772,247	-	-	-	-	-	-	75,501,638
OTHER LIABILITIES											
Gift Annuities, Net of Current Portion									715,936		715,936
Capital Lease, Net of Current Portion											
Advance Residency Fees	13,772,117	12,520,194		806,389						(214,601)	26,884,099
Total Other Liabilities	13,772,117	12,520,194	-	806,389	-	-	-	-	715,936	(214,601)	27,600,035
Total Liabilities	23,000,790	67,505,978	938,729	17,925,929	-	131,243	190,897	22,410	918,982	(227,497)	110,407,460
NET ASSETS											
Unrestricted	27,795,716	(9,761,661)	(1,206,859)	(664,793)	(6,226)	(469,882)	147,300	(129,720)	4,932,898		20,636,773
Temporarily restricted									6,005,461		6,005,461
Permanently restricted									2,299,062		2,299,062
Total Net Assets	27,795,716	(9,761,661)	(1,206,859)	(664,793)	(6,226)	(469,882)	147,300	(129,720)	13,237,422		28,941,296
Total Liabilities and Net Assets	50,796,506	57,744,316	(268,130)	17,261,136	(6,226)	(338,640)	338,197	(107,310)	14,156,404	(227,497)	139,348,757

Wesley Homes
Summary Income Statement
CONSOLIDATED
For the Month Ending 5/31/2017

	Des Moines	Lea Hill	Home Health	Foundation	Corporate	Puyallup	Consolidated	Consolidated	Consolidated
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	VARIANCE
OPERATING REVENUE									
Resident/Client Service Revenue	\$2,191,379	\$1,164,536	\$430,731				\$3,773,896	\$3,828,090	(\$54,194)
Amortization Income	183,861	1,576					185,437	161,000	24,437
Less: Susidies to Residents	(28,681)						(28,681)	(33,479)	4,798
Other Income	17,832	7,722					25,554	(6,270)	31,824
Total Operating Revenue	2,364,392	1,173,834	430,731				3,956,206	3,949,341	6,865
OPERATING EXPENSES									
Salaries and Wages	1,075,560	387,059	251,013	42,636	158,908	11,322	1,926,497	1,841,749	(84,748)
Payroll Taxes & Employee Benefits	224,353	63,515	39,948	8,126	25,921	3,359	365,221	345,058	(20,164)
Supplies	216,674	87,024	5,295	81	1,545	4	310,623	304,838	(5,785)
Utilities and Maintenance	96,680	49,037	757	129	494	37	147,133	161,372	14,238
Contract Services	169,213	123,337	78,591	205	42,806		401,402	340,944	(60,458)
Professional Services	5,033	4,046	24,665	3,238	11,196	1,601	49,778	49,128	(650)
Insurance	30,698	11,714	2,021	217	1,570		46,220	38,487	(7,734)
Bad Debt	8,264	10,230					18,494	53,418	34,923
Depreciation & Amortization	184,465	159,635	34		14,589	1,387	360,110	411,459	51,349
Interest		195,696		78			195,774	232,017	36,243
Leases and Rentals	3,394	2,283	1,327	226	1,354		8,584	8,011	(573)
Licenses, Dues & Taxes	13,970	5,856	11,140	610	9,716		41,292	29,759	(11,533)
Marketing	8,481	10,899	1,935	4,155	12,035	18,566	56,070	35,471	(20,598)
Resident and Community Programs	2,603	974		28,984			32,561	34,566	2,005
Management Fees & Other Expenses	202,685	59,978	21,537		(284,200)				
Other	12,852	6,608	28,016	1,267	4,066	1,286	54,095	51,791	(2,305)
Total Operating Expenses	2,254,923	1,177,892	466,279	89,950		37,560	4,013,855	3,938,066	(75,789)
NET OPERATING ACTIVITIES	109,468	(4,058)	(35,548)	(89,950)		(37,560)	(57,649)	11,276	(68,924)
OTHER ACTIVITIES									
Interest/Dividend Income	14,467	3,872		7,735		2,034	28,109	17,211	10,898
Realized Gains(Loss) on Investment	(31,414)	(8,125)		(18,336)			(57,875)	8,802	(66,677)
Unrealized Gains(Loss) on Investment	101,692	30,127		72,692			204,511	117,697	86,813
Unrestricted Contributions				5,983			5,983	5,167	816
Other Non-Operating Income				46			46		46
Change in Fair Value of Charitable Gift Annuity				11,682			11,682	(10,000)	21,682
Release from Restriction				1,800			1,800	14,292	(12,492)
Total Other Activities	84,745	25,874		81,603		2,034	194,256	153,168	41,088
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	194,213	21,816	(35,548)	(8,348)		(35,526)	136,607	164,444	27,837
Release from Restriction for Capital									
CHANGES IN UNRESTRICTED NET ASSETS	194,213	21,816	(35,548)	(8,348)		(35,526)	136,607	164,444	(27,837)
Restricted Contributions				201,180			201,180	170,417	30,763
Restricted Interest/Dividend Income				2,109			2,109	30	2,079
Restricted Realized Gains(Loss) on Investment				(5,068)			(5,068)	3,143	(8,211)
Restricted Unrealized Gains(Loss) on Investment				19,445			19,445	9,990	9,455
Release from Restriction				(1,800)			(1,800)	(14,292)	12,492
Release from Restriction for Capital									
Net Restricted Income				215,867			215,867	169,289	46,578
Net Income	194,213	21,816	(35,548)	207,519		(35,526)	352,474	333,733	18,741

Wesley Homes
Summary Income Statement
CONSOLIDATED
For the Five Months Ending 5/31/2017

	Des Moines	Lea Hill	Home Health	Foundation	Corporate	Puyallup	Consolidated	Consolidated	Consolidated
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	VARIANCE
OPERATING REVENUE									
Resident/Client Service Revenue	\$10,547,432	\$5,140,375	\$1,687,339				\$17,304,086	\$19,140,451	(\$1,836,365)
Amortization Income	813,156	7,982					821,138	805,000	16,138
Less: Susidies to Residents	(137,949)						(137,949)	(167,393)	29,443
Other Income	107,970	46,216					154,186	(31,351)	185,537
Total Operating Revenue	11,330,609	5,194,573	1,687,339				18,141,461	19,746,707	(1,605,246)
OPERATING EXPENSES									
Salaries and Wages	5,238,633	1,713,886	1,142,178	226,630	770,717	49,986	9,142,032	9,208,744	66,713
Payroll Taxes & Employee Benefits	1,103,510	228,066	215,714	38,287	127,015	9,249	1,721,840	1,725,289	3,449
Supplies	1,044,758	427,533	25,162	450	11,651	791	1,510,344	1,524,190	13,846
Utilities and Maintenance	517,633	243,460	7,442	711	2,407	203	771,912	806,858	34,945
Contract Services	814,087	515,557	364,357	388	218,293		1,841,621	1,707,811	(133,810)
Professional Services	15,467	4,046	57,445	5,394	95,850	1,601	179,803	245,642	65,839
Insurance	159,512	59,390	9,831	1,105	7,921		237,759	192,433	(45,327)
Bad Debt	112,571	10,230	47				122,849	267,088	144,240
Depreciation & Amortization	923,814	757,627	170		76,174	6,933	1,764,717	2,057,293	292,575
Interest		978,481		78			978,558	1,160,083	181,525
Leases and Rentals	30,697	11,402	6,629	1,128	6,252		56,108	40,056	(16,052)
Licenses, Dues & Taxes	74,266	25,669	26,360	3,240	28,823	1,241	159,598	156,394	(3,204)
Marketing	54,303	32,112	14,311	20,396	26,094	68,677	215,893	182,315	(33,578)
Resident and Community Programs	9,601	5,476		128,383			143,460	172,828	29,369
Management Fees & Other Expenses	1,058,512	269,385	84,367		(1,412,265)				
Other	47,751	26,317	53,581	1,693	41,068	4,486	174,896	252,575	77,679
Total Operating Expenses	11,205,115	5,308,637	2,007,593	427,883		143,165	19,021,390	19,699,600	678,209
NET OPERATING ACTIVITIES	125,494	(114,063)	(320,254)	(427,883)		(143,165)	(879,929)	47,108	(927,037)
OTHER ACTIVITIES									
Interest/Dividend Income	75,952	16,943		42,336		7,498	142,729	86,056	56,673
Realized Gains(Loss) on Investment	140,159	393		97,318			237,870	44,008	193,863
Unrealized Gains(Loss) on Investment	524,331	176,129		353,692			1,054,153	588,486	465,667
Unrestricted Contributions				18,407			18,407	25,833	(7,427)
Other Non-Operating Income	500		(36,284)	(38)			(35,822)		(35,822)
Change in Fair Value of Charitable Gift Annuity				3,048			3,048	(50,000)	53,048
Release from Restriction				40,343			40,343	71,458	(31,116)
Total Other Activities	740,942	193,466	(36,284)	555,105		7,498	1,460,727	765,841	694,886
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	866,436	79,403	(356,538)	127,222		(135,668)	580,798	812,949	232,151
Release from Restriction for Capital									
CHANGES IN UNRESTRICTED NET ASSETS	866,436	79,403	(356,538)	127,222		(135,668)	580,798	812,949	(232,151)
Restricted Contributions				244,004			244,004	852,083	(608,079)
Restricted Interest/Dividend Income				12,064			12,064	152	11,913
Restricted Realized Gains(Loss) on Investment				15,892			15,892	15,716	176
Restricted Unrealized Gains(Loss) on Investment				121,001			121,001	49,950	71,051
Release from Restriction				(40,343)			(40,343)	(71,458)	31,116
Release from Restriction for Capital									
Net Restricted Income				352,619			352,619	846,443	(493,824)
Net Income	866,436	79,403	(356,538)	479,842		(135,668)	933,417	1,659,392	(725,975)

Wesley Homes
Consolidated Cash Flow Statement
May 31, 2017
For Internal Management Use Only

	Community										2017
	Des Moines	Lea Hill	Health Services	At Home	Hospice	Foundation	Corporate	Puyallup	Renton	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES											
Change in net assets	\$ 866,437	\$ 79,403	\$ (37,664)	\$ (189,155)	\$ (129,720)	\$ 479,842	\$ -	\$ (135,668)	\$ (57)	\$ -	\$ 933,418
Adjustments to reconcile change in net assets to net cash from operating activities:											
Depreciation	921,331	743,393	122	48	-	-	76,174				1,741,068
Amortization	2,483	13,709	-	-	-	-		6,933			23,125
(Gain)/Loss on disposal of assets	-	-	-	-	-	-	-				-
Amortization of bond premium		(50,965)	-	-	-	-					(50,965)
Allowance for doubtful accounts	112,571	10,230	47	-	-	-					122,848
Entrance fees amortized	(813,156)	(7,982)	-	-	-	-					(821,138)
Unrealized (gain)/loss on investments	(524,331)	(176,129)	-	-	-	(474,693)					(1,175,153)
Reinvested Income	(71,114)	(16,033)				(54,399)					(141,546)
Actuarial loss on annuity obligations			-	-	-	19,958					19,958
Deferred revenue from Res Entr Fees Received	106,500	221,517	-	-	-	-				-	328,017
Advance Residency Fee	248,281	43,000						224,290			
Refunded residency fees	(494,816)	(393,783)	-	-	-	-					(888,599)
Changes in operating assets and liabilities:											
Accounts receivable	(162,658)	(1,281,416)	(122,796)	(147,142)	-	-	4,060	250,000		(13,236)	(1,473,188)
Pledge receivable			-	-	-	102,365	-				102,365
Other Current Assets(liabilities)	(85,174)	(93,273)	-	(25,592)	(2,059)	(186,449)	131,138	19,103	-	-	(242,306)
Accounts payable	303,810	285,984	1100	21,530	5,318	(21,121)	(297,910)			13,236	311,947
Accrued salaries and related benefits	(91,734)	45,113	61,809	23,403	17,092	(3,429)	204,509	4,097			260,860
Accrued interest	66,246	356,875	-	-	-	-	-	399,888			823,009
Deferred revenue from health services			-	-	-	-					-
Resident trust liability	26,471	-	-	-	-	-	1,500				27,971
Net cash provided (used) by operations	411,147	(220,357)	(97,382)	(316,908)	(109,369)	(137,926)	119,471	768,643	(57)	-	417,262
CASH FLOWS FROM INVESTING ACTIVITIES											
Proceeds from sale of investments	-	-	-	-	-	103,198					103,198
Purchase of investments	-	-	-	-	-	-					-
Accrued Construction cost								416,105			
Realized (gain)/loss on investments	(140,160)	(393)				(113,210)					(253,763)
New Notes Receivable	-	-									-
Payments received on notes receivable	34,102	392,397	-	-	-	-	-	-	-	-	426,499
Contributed Securities	-	0	0	-	-	-	-			-	-
Purchase of land, building and equipment	(4,534,430)	(77,140)	-	-	-	-	(127,823)	(2,501,432)	(17,914)	-	(7,258,739)
Proceeds from sale of equipment	5,944	-	-	-	-	-	-				5,944
Net cash used by investing activities	(4,634,544)	314,864	-	-	-	(10,012)	(127,823)	(2,085,327)	(17,914)	-	(6,976,861)
CASH FLOWS FROM FINANCING ACTIVITIES											
Change in due to/from related party	2,282,358	559,059	181,506	199,374	(12,375)	72,429	(3,411,892)	111,567	17,972		(2)
Proceeds from contributions restricted for annuities			-	-	-	-					-
Payments on annuities obligations			-	-	-	(39,916)					(39,916)
Payments on capital lease obligation	-		-	-	-	-					-
Payment on bond issuance costs	(77,577)	-						(5,913)			(83,490)
Principle payment on long term debt		0	0	-	-	-	-				-
Long term debt loans issued	4,770,000	0					-	-			4,770,000
Loan Trustee account	(565,103)	(357,712)						1,854,907			932,092
Principle payment on long term loan											-
Net cash used by financing activities	6,409,678	201,347	181,506	199,374	(12,375)	32,513	(3,411,892)	1,960,561	17,972	-	5,578,684
NET INCREASE (DECREASE) IN CASH	2,186,281	295,854	84,124	(117,534)	(121,744)	(115,425)	(3,420,244)	643,877	1	-	(564,810)
CASH AND CASH EQUIVALENTS, beginning of period	11,709,596	5,230,858	107,537	491,040	-	918,945	(14,054,037)	(533,378)	(1,237,306)	-	2,633,255
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 13,895,877</u>	<u>\$ 5,526,712</u>	<u>\$ 191,661</u>	<u>\$ 373,506</u>	<u>\$ (121,744)</u>	<u>\$ 803,520</u>	<u>\$ (17,474,281)</u>	<u>\$ 110,499</u>	<u>\$ (1,237,305)</u>	<u>\$ -</u>	<u>\$ 2,068,445</u>