

Channing House, CA

1 California Municipal Finance Authority, Insured Revenue Refunding Bonds, (Channing House Project), Series 2017A, \$54,045,000, Dated: April 18, 2017

Series 2017A

A calculation of the Debt Service Coverage Ratio for each fiscal quarter

Fiscal Quarter Ended August 31, 2017

Revenues	
Total Revenue	4,801,369
Plus: Net Realized Gains (Losses)	2,654
Plus: Entrance fees received - turnover	1,316,250
Less: Refund or repayment turnover entrance fees	
Less: Amortization of entrance fees	(1,294,404)
operations	
Total Revenues Available for Debt Service	4,825,869
Expenses	
Total Expenses	4,567,526
Less: Depreciation	(927,576)
Less: Interest Expense	(420,942)
Plus: Loss on disposal of assets	-
Total Operating Expenses	3,219,008
Income Available for Debt Service	1,606,861
Maximum Annual Debt Service	1,021,650
Debt Service Coverage	1.57 x

Series 2017A

A calculation of the Days Cash on Hand, for the second and last fiscal quarters of each year

Fiscal Quarter Ended August 31, 2017

Unrestricted Cash and Investments	
Cash	519,294
Investments	14,206,230
Less: Temporarily Restricted Net Assets	(332,431)
Total Unrestricted Cash and Investments	14,393,093
Cash Operating Expenses	
Total Expenses	3,219,008
Less: Depreciation	(927,576)
Less: Loss on disposal of assets	-
Total Cash Operating Expenses	2,291,432
Number of Days in Year	92
Daily Cash Expenses	24,907
Days Cash on Hand	578

Series 2017A

Information with respect to the occupancy levels of all of the facilities operated by the Borrower by level of care as of the end of each fiscal quarter

Fiscal Quarter Ended August 31, 2017

Level of Care	2017	
	Units Occupied	Percentage Occupancy
Residential Living	174	92%
Assisted Living	19	70%
Skilled Nursing	19	73%
Overall	212	87%

An Officer's Certificate of the Borrower stating that the Borrower is in compliance with all of the terms, provisions and conditions of the Regulatory Agreement and the Loan Agreement or, if not, specifying all such defaults and the nature thereof

Fiscal Quarter Ended August 31, 2017

PLEASE SEE ATTACHED.

Financial Information

Series 2017A

Statement of Financial Position

As of August 31,

	<u>2017</u>
Assets	
Cash and equivalents	\$ 519,294
Accounts receivable	<u>(2,371)</u>
Inventory	<u>2,625</u>
Prepaid expenses	<u>80,890</u>
Investments	<u>14,206,230</u>
Assets limited as to use	<u>2,964,193</u>
Property and equipment, net	<u>95,301,254</u>
Total Assets	<u>\$ 113,072,115</u>
Liabilities	
Accounts payable/accrued expenses	\$ 2,656,390
Liabilities from split interest gifts	<u>23,548</u>
Entrance fees repayable upon reoccupancy	<u>2,263,839</u>
Deferred revenue from entrance fees	<u>34,701,087</u>
Bonds payable, net	<u>55,673,683</u>
Total Liabilities	<u>\$ 95,318,547</u>
Net Assets	
Unrestricted	
Undesignated	<u>14,717,501</u>
Board designated	<u>2,703,636</u>
Temporarily restricted	<u>332,431</u>
Total Net Assets	<u>17,753,568</u>
Total Liabilities and Net Assets	<u>\$ 113,072,115</u>

Series 2017A

Statement of Activities

Quarter Ended August 31,

2017

Revenues, Gains and Other Support

Monthly care fees	<u>\$ 3,242,464</u>
Resident entrance fees earned	<u>1,294,404</u>
Interest and dividend income	<u>115,052</u>
Other services	<u>82,903</u>
Donations and other	<u>63,892</u>
Operating revenues	<u>4,798,715</u>

Net assets released from restrictions from operations

-

Total unrestricted revenues

4,798,715

Expenses

Medical	<u>937,115</u>
Food services	<u>731,807</u>
Operating and maintenance	<u>507,829</u>
Administrative	<u>735,496</u>
Housekeeping and Transportation	<u>306,761</u>
Depreciation	<u>927,576</u>
Interest expense	<u>420,942</u>
Total Expense	<u>4,567,526</u>

Income Before Investment Gain

231,189

Investment Gain

Net realized gain on investments	<u>2,654</u>
Net unrealized gain on investments	<u>81,522</u>

Total investment gain

84,176

Net Income

315,365

Change in value of split interest gift

(623)

Increase in unrecognized pension obligation

(88,554)

Net increase in unrestricted net assets

\$ 226,188

Channing House
Cash Flow
As of 8/31/17

Cash flows from operating activities:							
Monthly care fees							3,240,070
Entrance fees proceeds							1,316,250
Other receipts from operations							82,903
Investment income received							117,706
Donations and miscellaneous revenues							63,892
Cash paid to employees and suppliers							(3,776,864)
Interest paid, net of amount capitalized							(420,942)
	Net cash from operating activities						623,015
Cash flows from financing activities:							
Net proceeds on issuance of long term debt							
Payments on long-term debt							-
Payments for deferred issuance cost							(78,244)
Payments to beneficiaries?							-
2017A Bond project fund							(5)
2017A Bond principal fund							(77,761)
2017A Bond interest fund							(819,365)
2017A Bond reserve fund							(4,254)
2017A Bond revenue fund							(118)
2017A Bond cost of issuance fund							18,774
Net cash from financing activities							(960,972)
Cash flows used in investing activities:							
Proceeds from sale of investments							1,812,164
Purchases of investments							-
Proceeds from sale of PPE							-
Purchases of PPE							(1,657,727)
Realized gain on investments							(2,654)
							-
	Net cash used in investing activities						151,783
	Net decrease in cash and cash equivalents						(186,173)
Cash and cash equivalents at beginning of quarter							705,467
Cash and cash equivalents at end of quarter							519,294

Reconciliation of operating loss to net							
	cash provided by (used in) operating activities:						
Change in net assets							226,188
Adjustments to reconcile operating loss to							
	net cash provided from operating activities:						
		Loss on defeasance of bonds payable					
		Depreciation and amortization of PPE					927,576
		Loss from extinguishment of debt					-
		Closing of 2010 debt issuance costs					-
		Closing of 2010 bond discount					
		Amortization of deferred revenue from entrance fees					(1,294,404)
		Change in fair value of split interest gifts					623
							88,554
		Unrealized loss on investments					(81,522)
		Net proceeds from entrance fees					1,316,250
		Changes in operating assets and liabilities:					
			Accounts receivable				(2,394)
			Notes receivable				-
			Inventory				-
			Prepaid expenses and deposits				63,500
			Refundable deposits				-
			Accounts payable and accrued expenses				(621,356)
				Net cash from operating activities			623,015

I hereby certify that the Financial Statements and Cash Flow as of August 31, 2017, constitute the quarter information required by the Continuing Disclosure Agreement. I further certify that the information complies with the Continuing Disclosure Agreement and the Rule as required. DAC shall be entitled to rely on this certificate.

A handwritten signature in black ink, appearing to read "Rhonda Bekkedahl", written over a horizontal line.

Rhonda Bekkedahl
Director of Finance & IT

I hereby certify that Channing House is in full compliance with all the terms, provisions and conditions of the Regulatory Agreement and the Loan Agreement for the Quarter Ended August 31, 2017.



Rhonda Bekkedahl
Director of Finance & IT