



February 22, 2018

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 January 2018 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 Bradley Park Project), Series 2016 – Continuing Covenant Agreement dated December 8, 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:

- | | | | |
|-------------|-----------|-----------|-----------|
| • 939783TY2 | 939783UV6 | 939783UZ7 | 939783VD5 |
| • 939783TZ9 | 939783UW4 | 939783VA1 | |
| • 939783UA2 | 939783UX2 | 939783VB9 | |
| • 939783UB0 | 939783UY0 | 939783VC7 | |

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
JYamamoto@wesleyhomes.org



Wesley Homes
Consolidated Balance Sheet
1/31/2018

	Des Moines	Lea Hill	Corporate	Puyallup	Renton	Community Health Services	Wesley Homes At Home	Home Health Hospice	Foundation	Consolidated
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ASSETS										
CURRENT ASSETS										
Cash	\$3,212,965	\$1,437,169	-	\$1,193,852	-	\$395,714	(\$522,350)	(\$380,281)	\$1,805,707	\$7,142,776
Cash Equivalents - Investments	169,265	134,198							31,535	334,998
Total cash	3,382,230	1,571,367	-	1,193,852	-	395,714	(522,350)	(380,281)	1,837,242	7,477,774
Assets Restricted for Use	169,916								295,842	465,758
Undesignated investments	7,358,708	3,511,848							2,202,094	13,072,651
Accounts Receivable, net	1,091,163	1,052,492	(16,642)			312,855	455,015			2,658,084
Current Portion Residency Fees Receivable	201,702	310,080								511,782
Current Portion of Notes Receivable										
Other Current Assets	214,696	60,163	290,031	675			5,771		45,960	617,296
Due to/from	8,297,189	785,580	(5,286,779)	(2,372,456)	(1,349,049)	(846,965)	81,480	(13,977)	706,614	1,637
Total Current Assets	20,715,604	7,291,530	(5,013,390)	(1,177,929)	(1,349,049)	(138,396)	19,916	(394,258)	5,087,753	24,804,983
ASSETS LIMITED AS TO USE										
Board-Designated Investments	7,536,847								2,284,007	9,820,854
Donor-Restricted Investments									6,502,744	6,502,744
Trust Held Funds and Restricted Investments	6,647,691	3,726,876	119,250	11,965,110					1,786,668	24,245,595
Total Assets Limited as to Use	14,184,538	3,726,876	119,250	11,965,110					10,573,419	40,569,193
Less Current Portion of Assets Limited as to Use	169,916								295,842	465,758
Non-Current Assets Limited as to Use	14,014,622	3,726,876	119,250	11,965,110					10,277,576	40,103,435
LAND, BUILDING, AND EQUIPMENT, net	32,195,210	45,602,422	4,841,861	25,423,780	1,367,795	2,041	1,142			109,434,252
OTHER ASSETS										
Pledges Receivable									825,297	825,297
Intangible Assets							350,000			350,000
Notes Receivable, net of current Portion	47,427									47,427
Intercompany Loans		951,488	(126,861)	(350,625)	(25,116)	(245,903)	(329,844)		126,861	
Total Other Assets	47,427	951,488	(126,861)	(350,625)	(25,116)	(245,903)	20,156		952,158	1,222,724
Total Assets	66,972,864	57,572,314	(179,139)	35,860,336	(6,370)	(382,258)	41,214	(394,258)	16,317,488	175,565,393

Wesley Homes
Consolidated Balance Sheet
1/31/2018

	Des Moines	Lea Hill	Corporate	Puyallup	Renton	Community Health Services	Wesley Homes At Home	Home Health Hospice	Foundation	Consolidated
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts Payable	982,778	731,583	45,782	670,445		11,730	70,819	9,303	21,341	2,521,584
Accrued Salaries & Related Benefits	1,165,335	362,568	944,438	8,993		111,310	67,872	17,726	40,378	2,718,620
Accrued Interest	(31,733)	205,043		27,822						201,132
Advance Payment Liability							44,035			44,035
Funds held for Residents	69,537	84,353	37,500	94,653						286,043
Line of Credit										
Current portion of refundable advance residence	380,000									380,000
Current Portion of Gift Annuities									152,000	152,000
Current Portion of Capital Lease										
Current Portion of Long Term Debt		635,000								635,000
Total Current Liabilities	2,565,917	2,018,547	1,027,720	801,913		123,040	182,727	27,029	213,719	6,938,414
Long Term Debt, net of current portion	20,650,000	53,500,928		36,560,000						110,710,928
Deferred Financing Costs	(922,910)	(1,099,456)		(1,877,404)						(3,899,769)
LONG TERM DEBT, net of current portion	19,727,090	52,401,472		34,682,596						106,811,158
OTHER LIABILITIES										
Gift Annuities, Net of Current Portion									742,282	742,282
Capital Lease, Net of Current Portion										
Advance Residency Fees	15,647,450	12,487,084		1,208,018						29,127,952
Total Other Liabilities	15,647,450	12,487,084		1,208,018					742,282	29,870,234
Total Liabilities	37,940,457	66,907,103	1,027,720	36,692,527		123,040	182,727	27,029	956,001	143,619,806
NET ASSETS										
Unrestricted	29,032,407	(9,334,788)	(1,206,859)	(832,191)	(6,370)	(505,298)	(141,512)	(421,287)	5,612,920	22,197,021
Temporarily restricted									7,422,290	7,422,290
Permanently restricted									2,326,276	2,326,276
Total Net Assets	29,032,407	(9,334,788)	(1,206,859)	(832,191)	(6,370)	(505,298)	(141,512)	(421,287)	15,361,486	31,945,587
Total Liabilities and Net Assets	66,972,864	57,572,314	(179,139)	35,860,336	(6,370)	(382,258)	41,214	(394,258)	16,317,488	175,565,393

Wesley Homes
Summary Income Statement
CONSOLIDATED
For the Month Ending 1/31/2018

	Des Moines ACTUAL	Lea Hill ACTUAL	Home Health ACTUAL	Foundation ACTUAL	Corporate ACTUAL	Puyallup ACTUAL	Consolidated ACTUAL	Consolidated BUDGET	Consolidated VARIANCE
OPERATING REVENUE									
Resident/Client Service Revenue	\$2,222,257	\$1,205,359	\$443,929				\$3,854,994	\$3,955,254	(\$100,260)
Amortization Income	119,909	1,554					121,463	132,099	(10,636)
Less: Susidies to Residents	(4,909)						(4,909)	(20,083)	15,175
Other Income	17,185	8,956				15	26,156	32,570	(6,415)
Total Operating Revenue	2,354,442	1,215,869	443,929			15	3,997,704	4,099,840	(102,136)
OPERATING EXPENSES									
Salaries and Wages	1,089,220	404,338	291,806	46,498	171,438	10,758	2,014,059	1,921,047	(93,012)
Payroll Taxes & Employee Benefits	211,127	63,820	45,578	6,862	29,858	1,539	358,783	370,189	11,406
Supplies	212,179	92,181	8,545	314	1,611	452	315,282	302,399	(12,884)
Utilities and Maintenance	109,211	54,300	717	120	400	37	164,814	164,508	(306)
Contract Services	200,303	131,320	113,090	146	36,109		464,419	436,258	(28,160)
Professional Services	11,136	4,039	13,222	1,313	9,027		38,736	33,924	(4,812)
Insurance	29,573	11,157	1,487	217	1,630		44,064	47,243	3,179
Bad Debt	22,084	6,250	2,833				31,167	34,250	3,083
Depreciation & Amortization	215,890	159,098	34		14,594		389,616	497,406	107,790
Interest	29,861	194,892					224,753	268,590	43,837
Leases and Rentals	3,405	2,283	1,327	226	2,257	457	9,955	7,357	(2,598)
Licenses, Dues & Taxes	17,171	11,356	6,980	327	4,038	869	40,741	39,913	(828)
Marketing	2,488	3,493	704		6,259	997	35,497	62,402	26,906
Resident and Community Programs	1,184	905		24,875			26,964	44,877	17,913
Management Fees & Other Expenses	204,834	67,768	22,196		(294,799)				
Other	12,090	4,328	6,016	297	2,280	2,070	27,080	92,492	65,411
Total Operating Expenses	2,371,757	1,211,528	514,536	87,452		17,178	4,185,929	4,322,854	136,925
NET OPERATING ACTIVITIES	(17,314)	4,341	(70,607)	(87,452)		(17,163)	(188,225)	(223,015)	34,789
OTHER ACTIVITIES									
Interest/Dividend Income	9,308	3,286		4,220		1,891	18,705	14,276	4,429
Realized Gains(Loss) on Investment	155,808	29,065		111,124			295,997	12,625	283,372
Unrealized Gains(Loss) on Investment	428,243	107,137		287,452			822,832	69,651	753,181
Unrestricted Contributions				(258,995)			(258,995)	4,750	(263,745)
Change in Fair Value of Charitable Gift Annuity				(2,418)			(2,418)	(6,351)	3,934
Release from Restriction				17,158			17,158		17,158
Total Other Activities	593,359	139,487		158,541		1,891	893,279	94,950	798,329
EXCESS (DEFICIT) OF REVENUES OVER EXP...	576,045	143,828	(70,607)	71,088		(15,272)	705,053	(128,065)	(833,118)
Release from Restriction for Capital									
CHANGES IN UNRESTRICTED NET ASSETS	576,045	143,828	(70,607)	71,088		(15,272)	705,053	(128,065)	833,118
Restricted Contributions				267,579			267,579	150,804	116,775
Restricted Interest/Dividend Income				1,044			1,044	235	809
Restricted Realized Gains(Loss) on Investment				25,436			25,436	312	25,124
Restricted Unrealized Gains(Loss) on Investment				85,048			85,048	7,576	77,473
Release from Restriction				(17,158)			(17,158)		(17,158)
Release from Restriction for Capital									
Net Restricted Income				361,950			361,950	158,927	203,022
Net Income	576,045	143,828	(70,607)	433,038		(15,272)	1,067,003	30,862	1,036,140

Wesley Homes
Consolidated Cash Flow Statement
January 31, 2018
For Internal Management Use Only

	Des Moines	Lea Hill	Community Health Services	At Home	Hospice	Foundation	Corporate	Puyallup	Renton	Eliminations	2017 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES											
Change in net assets	\$ 576,045	\$ 143,828	\$ (9,328)	\$ (8,026)	\$ (53,253)	\$ 433,038	\$ -	\$ (15,272)	\$ (29)	\$ -	\$ 1,067,003
Adjustments to reconcile change in net assets to net cash from operating activities:											
Depreciation	213,643	156,356	24	10	-	-	14,594	-	-	-	384,627
Amortization	2,247	2,741	-	-	-	-	-	-	-	-	4,988
(Gain)/Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Amortization of bond premium	-	(10,151)	-	-	-	-	-	-	-	-	(10,151)
Allowance for doubtful accounts	22,084	6,250	500	2,333	-	-	-	-	-	-	31,167
Entrance fees amortized	(119,909)	(1,554)	-	-	-	-	-	-	-	-	(121,463)
Unrealized (gain)/loss on investments	(428,243)	(107,137)	-	-	-	(372,500)	-	-	-	-	(907,880)
Reinvested Income	(7,705)	(3,046)	-	-	-	(5,264)	-	-	-	-	(16,015)
Actuarial loss on annuity obligations	-	-	-	-	-	2,797	-	-	-	-	2,797
Deferred revenue from Res Entr Fees Received	53,865	-	-	-	-	-	-	-	-	-	53,865
Advance residency fee	187,438	17,800	-	-	-	-	-	48,111	-	-	253,349
Refunded residency fee	(27,020)	(2,820)	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities:											
Accounts receivable	(159,708)	580,271	19,908	(1,262)	-	-	1,908	-	-	(4,571)	436,546
Pledge receivable	-	-	-	-	-	157,753	-	-	-	-	157,753
Other Current Assets(liabilities)	(22,337)	947	-	13,127	-	7,083	58,524	(675)	4,108	-	60,777
Accounts payable	(554,911)	(158,309)	-25,785	16,137	6,130	6,875	(143,327)	-	-	4,571	(848,619)
Accrued salaries and related benefits	93,182	37,290	15,453	5,065	3,429	(7,109)	12,295	2,715	-	-	162,320
Accrued interest	(402,199)	(1,030,292)	-	-	-	-	-	(640,258)	-	-	(2,072,749)
Deferred revenue from health services	-	-	-	-	-	-	-	-	-	-	-
Resident trust liability	2,706	1,005	-	-	-	-	-	-	-	-	3,711
Net cash provided (used) by operations	(570,822)	(366,821)	772	27,384	(43,694)	222,673	(56,006)	(605,379)	4,079	-	(1,387,814)
CASH FLOWS FROM INVESTING ACTIVITIES											
Proceeds from sale of investments	-	-	-	-	-	-	-	-	-	-	-
Purchase of investments	0	-	-	-	-	-	-	-	-	-	0
Accrued Construction cost	-	-	-	-	-	-	-	(757,049)	-	-	(757,049)
Realized (gain)/loss on investments	(155,808)	(29,064)	-	-	-	(136,561)	-	-	-	-	(321,433)
Payments received on notes receivable	81,400	99,000	-	-	-	-	-	-	-	-	180,400
Contributed Securities	-	0	0	-	-	-	-	-	-	-	-
Purchase of land, building and equipment	(365,998)	(30,471)	-	-	-	-	(1,465)	(2,078,574)	(4,318)	-	(2,480,826)
Proceeds from sale of equipment	-	-	-	-	-	-	-	-	-	-	-
Net cash used by investing activities	(440,406)	39,465	-	-	-	(136,561)	(1,465)	(2,835,623)	(4,318)	-	(3,378,908)
CASH FLOWS FROM FINANCING ACTIVITIES											
Change in due to/from related party	443,520	141,410	36,442	41,148	5,948	16,705	(692,497)	5,032	240	-	(2,052)
Proceeds from contributions restricted for annuities	-	-	-	-	-	-	-	-	-	-	-
Payments on annuities obligations	-	-	-	-	-	(5,215)	-	-	-	-	(5,215)
Payments on capital lease obligation	-	-	-	-	-	-	-	-	-	-	-
Payment on bond issuance costs	(50,414)	-	-	-	-	-	-	(85,965)	-	-	(136,379)
Principle payment on long term debt	-	0	0	-	-	-	-	-	-	-	-
Long term debt loans issued	3,615,000	0	-	-	-	-	-	-	-	-	3,615,000
Loan Trustee account	(2,786,327)	975,494	-	-	-	-	-	3,558,691	-	-	1,747,858
Principle payment on long term loan	-	-	-	-	-	-	-	-	-	-	-
Net cash used by financing activities	1,221,779	1,116,904	36,442	41,148	5,948	11,490	(692,497)	3,477,758	240	-	5,219,212
NET INCREASE (DECREASE) IN CASH	210,551	789,548	37,214	68,532	(37,746)	97,602	(749,968)	36,756	1	-	452,490
CASH AND CASH EQUIVALENTS, beginning of period	20,145,347	8,667,698	358,500	(590,883)	(342,534)	1,739,638	(22,872,274)	1,157,098	(1,237,306)	-	7,025,284
CASH AND CASH EQUIVALENTS, end of period	\$ 20,355,898	\$ 9,457,246	\$ 395,714	\$ (522,351)	\$ (380,280)	\$ 1,837,240	\$ (23,622,242)	\$ 1,193,854	\$ (1,237,305)	\$ -	\$ 7,477,774

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