

# MOVING KING COUNTY RESIDENTS FORWARD

## Meeting of the Board of Directors

Monday, December 18, 2017

10:15 AM or immediately following the KCHA Board meeting

Snoqualmie Conference Room

700 Andover Park West

Tukwila, WA 98188

## Agenda

- I. Call to Order
- II. Roll Call
- III. Public Comment
- IV. Approval of Minutes - August 21, 2017 Special Board Meeting Minutes
- V. Resolutions for Discussion and Possible Action
  - A. Resolution No. **28**: Adoption of the Calendar Year 2018 Operating & Capital Budget
- VI. Briefings and Reports
  - A. CY 2017 Third Quarter Financial Statements
- VII. Board of Directors Comments
- VIII. Adjourn

**MINUTES OF THE SPECIAL MEETING OF THE  
MOVING KING COUNTY RESIDENTS FORWARD  
BOARD OF DIRECTORS**

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**Monday, August 21, 2017**

**I. CALL TO ORDER**

The special meeting of the Board of Directors of Moving King County Residents Forward (MKCRF) was held on Monday, August 21, 2017 at Somerset Gardens, 14700 N.E. 29<sup>th</sup> Place, Bellevue, WA at 10:17 a.m.

**II. ROLL CALL**

**Present:** Board of Directors: Doug Barnes (Chair), Michael Brown (Treasurer) Susan Palmer (via Telephone), TerryLynn Stewart (via Telephone), John Welch and Secretary of the Corporation, Stephen Norman

**III. Public Comment**

Resident Lillie Clinton gave public comment.

**IV. Approval of the Minutes**

Minutes from the May 15, 2017 annual Board of Directors' meeting were presented for approval.

Director John Welch moved for approval of the April 17, 2017 minutes, with Director Michael Brown seconding the motion. The minutes were unanimously approved.

**V. Resolutions for Discussion and Possible Action**

None.

**VI. Briefings and Reports**

- a. Second Quarter 2017 Financial Report for MKCRF and MKCRF-Owned Properties

Craig Violante, Director of Finance, briefed the board and provided an overview on the MKCRF financial reports.

**VII. Board of Director Comments**

The Board retreat dates were verified.

**VIII. Adjournment**

There being no further business, the meeting was officially adjourned at 10:24 a.m.

**MOVING KING COUNTY RESIDENTS FORWARD**

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**Douglas J. Barnes  
President**

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**Stephen J. Norman  
Secretary of the Corporation**

# MOVING KING COUNTY RESIDENTS FORWARD

**TO:** Board of Directors  
**FROM:** Craig Violante  
**DATE:** December 8, 2017  
**RE:** **Resolution No. 28: CY 2018 Budget for MKCRF and MKCRF-Owned Properties**

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## EXECUTIVE SUMMARY

The MKCRF-owned Properties (the “Properties”) will continue to generate positive cash flow in 2018. After debt service payments and additions to replacement reserves, the Properties will generate \$1.76 million of excess cash. Out of this excess, \$754,000 will be spent on unit upgrades and special maintenance projects, leaving a balance of unspent revenue of \$966,000. Combined with an estimated carryover of \$240,000 from 2017, this balance of \$1.2 million could be used to reduce the amount to be transferred from the MTW program for the scheduled capital projects, or could be rolled over into 2019 to fund future projects. A decision on this is being deferred until the RFIF and MTW working capital numbers are finalized. Ending 2018 working capital for the Properties is also projected to be approximately \$1.2 million.

### **MKCRF-Owned Properties**

The 509 units of multifamily housing that were sold to MKCRF continue to be operated by KCHA. According to the terms of the Operating Agreement between KCHA and MKCRF, the revenue generated by the Properties is KCHA’s revenue, and the Authority is responsible for operating costs. This construct allows the properties to continue to be exempt from sales tax. The budget discussion in this section applies solely to the operations of the Properties, and do not include the operations of the non-profit Moving King County Residents Forward. The budget discussion for MKCRF itself is found on page 3.

### Operations Budget

Below is a high-level summary of the 2018 budget for the Properties. It is in a different format from the formal budget on page 4, and is intended to present the budget in a more user-friendly, operations-oriented layout.

<i>(in \$1,000s)</i>	
<b>Sources</b>	
Tenant Revenue	\$7,713,505
Other Revenue	17,849
<b>Total Revenue</b>	<b>7,731,354</b>
<b>Uses</b>	
Operating Expenses	(4,292,251)
Debt Service	(1,547,491)
Additions to Replacement Reserves	(132,132)
<b>Total Uses</b>	<b>(5,971,874)</b>
<b>2018 Operating Margin</b>	<b>1,759,480</b>
<b>Additional Resources</b>	
Projected Resources Carried Over from 2017	240,000
Transfers from MTW Program for Capital	3,575,529
<b>Total Other Resources</b>	<b>3,815,529</b>
<b>Total Available 2018 Resources for Capital</b>	<b>5,575,009</b>
<b>Capital Projects</b>	
Capital Projects	(3,575,529)
Unit Upgrades	(497,573)
Special Maintenance Projects	(296,000)
<b>Total Capital Projects</b>	<b>(4,369,102)</b>
<b>Total Projected Available Resources, 12/31/2018</b>	<b>\$1,205,907</b>

Tenant rents, consisting of subsidy payments from the Housing Choice Voucher program and rental payments from tenants, are forecast at \$7.7 million, an increase of 2.7% over the 2017 budget, and are due to a modest increase in contact rents.

Property operating and administrative support expenses are reflecting overall increases of 18.1%, primarily due to:

- Housing Management reallocated 2.5 more FTEs to the Properties and reduced staffing in non-MKCRF portfolios
- Carpet expense is up at sites that will not have unit upgrades
- A number of other maintenance projects and purchases will occur in addition to the special projects, such as the purchase of a commercial riding lawnmower, electrical meter pack fixes, and new interior doors and locks

The debt service budget represents 12 monthly payments of \$128,960 to KCHA as conduit for the FHLB loan, and the replacement reserve is fully funded at \$250 per unit per year.

### Capital Budget

Housing Management's Central Maintenance Crew will complete 16 unit upgrades at an average cost of \$31,098 for a total of \$497,573. The average cost of unit upgrades for the Properties is higher than for the program as a whole as 92% of the properties owned by MKCRF consist of larger, family units. The ability to complete 16 units will depend upon unit availability. Through October 2017, 335 of the 509 units in this portfolio have been upgraded

since inception of the program, leaving only 174 or 34.1% left to modernize. To reach the budgeted unit count, 9.2% of the non-modernized units will need to become available at some point in 2018.

\$296,000 in additional projects, such as repairing parking lots, upgrading office and community room space, and gutter repairs have been budgeted.

The full budget for the MKCRF-Owned Properties is in Exhibit A, found on page 4.

### **MKCRF Entity**

Moving King County Residents Forward is a 501(c)(3) non-profit that owns 509 units of multifamily house. MKCRF entered into an Operating Agreement with KCHA whereby the Authority would operate the properties, own the revenue, and be responsible for operating costs. Accordingly, none of the operations of the properties appear on the books of MKCRF. The balance sheet of MKCRF consists of the properties themselves, and the debt it owes to KCHA.

A total of \$3.6 million of capital work will be managed by KCHA's Capital Construction department on behalf of MKCRF:

Juanita Trace Building Envelope	\$1,676,213
Juanita Court Site Improvements	335,244
Greenleaf Building Envelope & Deck Repair	1,564,072
	<u>\$3,575,529</u>

These projects are scheduled to be paid for via a transfer from the MTW program. As mentioned above, the decision as to whether to use the estimated excess 2018 cash flow of \$966,000 to reduce the transfers from MTW or carry over the balance over into 2019 will be made once the RFIF is determined.

The negative working capital forecast for the non-profit MKCRF balance sheet at the end of 2018 reflects the loan principal payments due to KCHA within 12 months.

The full budget for the MKCRF entity is on Exhibit B, found on page 5.

**MOVING KING COUNTY RESIDENTS FORWARD**  
**2018 Budget - Properties**  
**EXHIBIT A**

	2018 Operations	2018 Capital	2018 Combined	2017 Combined	Change
<b>Revenues</b>					
Tenant Revenues	\$ 7,713,505	\$ -	\$ 7,713,505	\$ 7,513,534	2.7%
Other Revenues	17,849	-	17,849	7,146	149.8%
<b>Total revenues</b>	<b>7,731,354</b>	<b>-</b>	<b>7,731,354</b>	<b>7,520,680</b>	<b>2.8%</b>
<b>Expenses</b>					
Salaries & Benefits	(1,117,791)	-	(1,117,791)	(963,030)	16.1%
Routine Maintenance, Utilities, Taxes & Insurance	(2,480,957)	-	(2,480,957)	(1,998,168)	24.2%
Other Social Service Support Expenses & HAP	(817)	-	(817)	(530)	54.2%
Administrative Support Expenses	(731,186)	-	(731,186)	(706,024)	3.6%
Other Expenses	(1,548,491)	(3,575,529)	(5,124,020)	(2,976,407)	72.2%
<b>Total expenses</b>	<b>(5,879,242)</b>	<b>(3,575,529)</b>	<b>(9,454,771)</b>	<b>(6,644,159)</b>	<b>42.3%</b>
<b>Net Income</b>	<b>1,852,112</b>	<b>(3,575,529)</b>	<b>(1,723,417)</b>	<b>876,521</b>	<b>-296.6%</b>
<b>Other sources (uses) of working capital</b>					
(Increase) in Restricted/Designated Cash	(132,132)	-	(132,132)	(129,708)	1.9%
Acquisition of Capital Assets	(256,500)	(497,573)	(754,073)	(732,648)	2.9%
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(388,632)</b>	<b>(497,573)</b>	<b>(886,205)</b>	<b>(862,356)</b>	<b>2.8%</b>
<b>Transfer In from (Out to) Other Funds</b>					
Internal Revenue-Transfer In-Non Op	-	4,073,102	4,073,102	1,716,164	137.3%
Internal Fees Out-Transfer Out-Non Op	(497,573)	-	(497,573)	(1,716,164)	-71.0%
<b>Net Transfer In/(Out)</b>	<b>(497,573)</b>	<b>4,073,102</b>	<b>3,575,529</b>	<b>-</b>	<b>na</b>
<b>Net Change in Working Capital</b>	<b>965,907</b>	<b>-</b>	<b>965,907</b>	<b>14,165</b>	<b>6719.0%</b>
Projected Working Capital, 12/31/2017	240,000	-	240,000		
<b>Projected Working Capital, 12/31/2018</b>	<b>\$ 1,205,907</b>	<b>\$ -</b>	<b>\$ 1,205,907</b>		

**MOVING KING COUNTY RESIDENTS FORWARD  
2018 Budget  
EXHIBIT B**

<b>Revenues</b>	
Other Revenue	\$5,123,020
<b>Total revenues</b>	<b>5,123,020</b>
<b>Expenses</b>	
Administrative Support Expenses	1,000
Other Expenses	928,029
<b>Total expenses</b>	<b>929,029</b>
<b>Net Income</b>	<b>4,193,991</b>
<b>Other sources (uses) of working capital</b>	
Acquisition of Capital Assets	(3,575,529)
(Increase) in Restricted/Designated Cash	-
Decrease in Restricted/Designated Cash	-
(Decrease) in Long-Term Debt	(658,188)
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(4,233,717)</b>
<b>Net Change in Working Capital</b>	<b>(39,726)</b>
Projected Working Capital, 12/31/2017	(623,050)
<b>Projected Working Capital, 12/31/2018</b>	<b>\$ (662,776)</b>

**MOVING KING COUNTY RESIDENTS FORWARD**

**RESOLUTION NO. 28**

**ADOPTION OF THE CALENDAR YEAR 2018 OPERATING AND CAPITAL BUDGET**

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**WHEREAS**, the King County Housing Authority, as Operator of the Moving King County Residents Forward (MKCRF) Properties (the Properties), has submitted Operating and Capital Budgets for the Properties and for MKCRF for the Calendar Year beginning January 1, 2018 (Calendar Year 2018); and,

**WHEREAS**, the Board of Directors has determined that the proposed expenditures are necessary for the efficient and economical operation of the Properties and of MKCRF; and,

**WHEREAS**, the Budgets of the Properties and MKCRF indicates sources of funding adequate to cover all proposed expenditures; and,

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MOVING KING COUNTY RESIDENTS FORWARD, THAT:**

The Calendar Year 2018 Operating and Capital Budgets are hereby adopted. The Budgets are attached hereto as Exhibits A and B and are made a part thereof.

**ADOPTED AT A MEETING OF THE BOARD OF DIRECTORS OF MOVING KING COUNTY RESIDENTS FORWARD THIS 18<sup>th</sup> DAY OF DECEMBER, 2017**

**MOVING KING COUNTY RESIDENTS  
FORWARD**

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**Stephen J Norman**  
Secretary

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**DOUGLAS J BARNES**  
President, Board of Directors

# MOVING KING COUNTY RESIDENTS FORWARD

**TO:** Board of Directors

**FROM:** Craig Violante

**DATE:** December 13, 2017

**RE: Financial Reports for Moving King County Residents Forward (MKCRF) and  
MKCRF-Owned Properties**

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## EXECUTIVE SUMMARY

Throughout the first nine months of 2017, the MKCRF-owned Properties (the Properties) generated cash flow sufficient to make all required debt service payments, fully fund replacement reserves, and complete the interior upgrade of 12 units using KCHA's internal unit upgrade crew.

## THIRD QUARTER 2017 FINANCIAL REPORTS

Attached are financial reports through the third quarter of 2017:

- Statements of Financial Position for the Properties as reflected on the books of KCHA as operator of the properties, and for MKCRF itself. MKCRF information is on the far right.
- Working Capital reports for the Properties as reflected on the books of KCHA as operator, and for MKCRF itself. MKCRF information is on the far right.

## *KCHA Operations of the Properties*

Year-to-date, net operating income is essentially on-target, with 99.7% of budgeted tenant revenue having been received and 98.9% of planned expenses incurred.

Throughout the period, the Properties generated net operating cash flow of \$1,701,155 after required debt service payments and additions to replacement reserves:

Operating Revenues	\$5,620,308
Operating Expenses	(2,658,157)
Debt Service	(1,160,985)
Trf to Replacement Reserves	(100,011)
Net Cash Flow	<u><u>\$1,701,155</u></u>

This cash flow was partially used to fund the interior upgrades of 12 units, 120% of the entire 2017 MKCRF unit upgrade budget. To supplement the MKCRF unit upgrade program, \$250,000 earmarked for a deck and patio replacement project at Greenleaf is being redirected to the unit upgrade program. The deck and patio project is instead being folded into to a larger project scheduled for 2018 that will have a different funding source. At the 2017 average cost of \$27,165 per unit, this will give MKCRF the capacity to upgrade up to nine additional units. Since acquiring the Properties in 2012, 132 units have been upgraded by KCHA's in-house unit upgrade crew. A total of 335 units (65.8%) have been upgraded since inception of the program in 2006.

As of September 30, 2017, the Properties had working capital of approximately \$150,400.

***Operations of Moving King County Residents Forward***

MKCRF has had minimal operating activity with only \$245 of administrative expenses. All required monthly debt service payments to KCHA were made.

The September 30, 2017 balance sheet reflects negative working capital of approximately \$584,000, equal to the minimum loan payments due within the next 12 months. These loan payments will be funded by cash generated by the properties over the course of the year. Confidence is high that MKCRF will continue to be in full compliance with the terms and conditions of its loan from KCHA.

**Operations and Capital of MKCRF Properties**

Statements of Financial Position

As of 9/30/2017

ASSETS	MKCRF Properties Managed by KCHA			MKCRF
	Operations	Capital	Combined	
<b>Working Capital Assets</b>				
Cash-Unrestricted	\$249,735	(\$287)	\$249,447	(\$246)
Cash-Restricted Within Program	-	-	-	-
Cash-Restricted for WC Purposes	-	-	-	-
Accounts Receivable	107,600	-	107,600	-
Prepaid Assets & Inventory	31,733	-	31,733	-
Total Working Capital Assets	389,067	(287)	388,780	(246)
<b>Liabilities Offsetting Working Capital Assets</b>				
Accounts Payable	(64,210)	(24,693)	(88,903)	-
Payroll Liabilities	(149,268)	(198)	(149,466)	-
Accrued Liabilities	-	-	-	-
Deferrals	-	-	-	-
Current Portion of Long-term debt	-	-	-	(583,936)
Total Offsetting Liabilities	(213,478)	(24,891)	(238,369)	(583,936)
<b>Working Capital</b>	<b>\$175,590</b>	<b>(\$25,179)</b>	<b>\$150,411</b>	<b>(\$584,182)</b>
<b>Other Assets</b>				
Cash-Designated	612,601	-	612,601	-
Cash-Restricted	77,300	-	77,300	-
Receivables	-	-	-	-
Capital Assets	89,577	-	89,577	67,796,303
Work-in-Process	763	(1)	762	2,210,843
Suspense	-	-	-	-
Other Assets	-	-	-	-
Total Other Assets	780,241	(1)	780,240	70,007,146
<b>TOTAL ASSETS (net of WC offsets)</b>	<b>\$955,831</b>	<b>(\$25,180)</b>	<b>\$930,651</b>	<b>\$69,422,964</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Other Liabilities</b>				
Deferrals-Related to Restr Cash	77,300	-	77,300	-
Debt	-	-	-	15,313,583
Other Liabilities	-	-	-	-
	77,300	-	77,300	15,313,583
<b>Equity</b>				
Equity	878,531	(25,180)	853,351	54,109,381
	878,531	(25,180)	853,351	54,109,381
<b>TOTAL LIAB &amp; EQ (net of curr liab)</b>	<b>\$955,831</b>	<b>(\$25,180)</b>	<b>\$930,651</b>	<b>\$69,422,964</b>

**Operations and Capital of MKCRF Properties  
Working Capital Budget vs. Actual Report  
For the Period Ended 9/30/2017**

	MKCRF Properties Managed by KCHA									MKCRF					
	Year-to-Date			Budget	Variance	Percent YTD Variance	2017 Annual Budget	Remainder to Receive/ Spend	Percent of Annual Budget	Actual	Budget	Variance	Percent YTD Variance	Annual Budget	Remainder to Receive/ Spend
	Operations	Capital	Combined												
<b>Revenues</b>															
Tenant Revenue	5,618,657	0	\$5,618,657	\$5,635,152	(\$16,495)	(0.3%)	\$7,513,534	\$1,894,877	74.8%	\$0	\$0	\$0	n/m	\$0	\$0
Operating Fund Subsidy from HUD	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Section 8 Subsidy from HUD	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Other Operating Revenue	1,651	0	1,651	0	1,651	n/m	3,830	2,179	43.1%	2,031,910	2,296,398	(264,488)	(11.5%)	2,974,407	942,497
Non-operating Revenue	7,404	(408)	6,996	2,421	4,575	189.0%	3,316	(4,088)	223.3%	0	0	0	n/m	0	0
<b>Total Revenues</b>	<b>5,627,712</b>	<b>(408)</b>	<b>5,627,304</b>	<b>5,637,573</b>	<b>(10,269)</b>	<b>(0.2%)</b>	<b>7,520,680</b>	<b>1,892,968</b>	<b>74.8%</b>	<b>2,031,910</b>	<b>2,296,398</b>	<b>(264,488)</b>	<b>(11.5%)</b>	<b>2,974,407</b>	<b>942,497</b>
<b>Expenses</b>															
Salaries & Benefits	700,920	1,955	702,875	709,501	(6,626)	(0.9%)	963,030	262,110	72.8%	0	0	0	n/m	0	0
Routine Maintenance, Utilities, Taxes & Insurance	1,413,636	898	1,414,534	1,444,909	(30,375)	(2.1%)	1,998,168	584,532	70.7%	0	0	0	n/m	0	0
Direct Social Service Salaries	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Other Social Service Support Expenses & HAP	1,465	0	1,465	407	1,058	260.0%	530	(935)	276.5%	0	0	0	n/m	0	0
Administrative Support Expenses	539,283	0	539,283	531,951	7,332	1.4%	706,024	166,741	76.4%	245	1,000	(755)	(75.5%)	1,000	755
Non-operating Expenses	1,123,295	870,926	1,994,221	2,296,398	(302,177)	(13.2%)	(1) 2,976,407	1,853,112	37.7%	726,326	723,033	3,293	0.5%	964,044	237,718
<b>Total Expenses</b>	<b>3,778,599</b>	<b>873,778</b>	<b>4,652,378</b>	<b>4,983,166</b>	<b>(330,788)</b>	<b>(6.6%)</b>	<b>6,644,159</b>	<b>2,865,560</b>	<b>56.9%</b>	<b>726,571</b>	<b>724,033</b>	<b>2,538</b>	<b>0.4%</b>	<b>965,044</b>	<b>238,473</b>
<b>Net Income</b>	<b>1,849,113</b>	<b>(874,187)</b>	<b>974,926</b>	<b>654,407</b>	<b>320,519</b>	<b>49.0%</b>	<b>876,521</b>	<b>(972,592)</b>	<b>211.0%</b>	<b>1,305,339</b>	<b>1,572,365</b>	<b>(267,026)</b>	<b>n/m</b>	<b>2,009,363</b>	<b>704,024</b>
<b>Other Sources/(Uses) of Working Capital</b>															
(Increase) in Restricted/Designated Cash	(100,011)	0	(100,011)	(97,281)	(2,730)	2.8%	(129,708)	(29,697)	77.1%	0	0	0	n/m	0	0
Decrease in Restricted/Designated Cash	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
(Increase) in LT Receivables	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Decrease in LT Receivables	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Acquisition of Capital Assets	(287,138)	(271,824)	(558,963)	(567,788)	8,825	(1.6%)	(732,648)	(445,510)	39.2%	(870,926)	(1,135,780)	264,854	(23.3%)	(1,426,916)	(555,990)
Disposition of Capital Assets	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Change in Suspense	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Change in Other Assets	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Change in Deferrals	43	0	43	0	43	n/m	0	(43)	n/m	0	0	0	n/m	0	0
Increase in LT Debt	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
(Decrease) in LT Debt	0	0	0	0	0	n/m	0	0	n/m	(500,536)	(464,963)	(35,573)	7.7%	(619,951)	(119,415)
Change in Other Liabilities	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Other Non-Working Capital Income/Expense Items	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
Non Income/Expense Change in Equity	0	0	0	0	0	n/m	0	0	n/m	0	0	0	n/m	0	0
<b>Total Other Sources/(Uses) of Working Capital</b>	<b>(387,107)</b>	<b>(271,824)</b>	<b>(658,931)</b>	<b>(665,069)</b>	<b>6,138</b>	<b>(0.9%)</b>	<b>(862,356)</b>	<b>(475,249)</b>	<b>44.9%</b>	<b>(1,371,462)</b>	<b>(1,600,743)</b>	<b>229,281</b>	<b>(14.3%)</b>	<b>(2,046,867)</b>	<b>(675,405)</b>
<b>Transfer In from (Out to) Other Funds</b>															
Transfers In from Other Funds	0	1,079,847	1,079,847	1,352,718	(272,871)	(20.2%)	(1) 1,716,164	1,716,164	0.0%	0	0	0	n/m	0	0
Transfers Out to Other Funds	(1,079,847)	0	(1,079,847)	(1,352,718)	272,871	(20.2%)	(1) (1,716,164)	(636,317)	62.9%	0	0	0	n/m	0	0
<b>Net Transfer In/(Out)</b>	<b>(1,079,847)</b>	<b>1,079,847</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>0</b>	<b>1,079,847</b>	<b>n/m</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/m</b>	<b>0</b>	<b>0</b>
<b>Net Change in Working Capital</b>	<b>\$382,159</b>	<b>(\$66,164)</b>	<b>\$315,995</b>	<b>(\$10,662)</b>	<b>\$326,657</b>	<b>n/m</b>	<b>\$14,165</b>	<b>(\$367,994)</b>	<b>2697.9%</b>	<b>(\$66,122)</b>	<b>(\$28,378)</b>	<b>(\$37,744)</b>	<b>133.0%</b>	<b>(\$37,504)</b>	<b>\$28,618</b>
Working Capital, 12/31/2016	(206,569)	40,985	(165,584)							(518,060)					
<b>Working Capital, 9/30/2017</b>	<b>\$175,590</b>	<b>(\$25,179)</b>	<b>\$150,411</b>							<b>(\$584,182)</b>					

1) Various site improvements and building envelope projects at MKCRF properties were less than anticipated in the budget resulting in less capital contribution to MKCRF.