Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990-PF and its instructions is at *www.irs.gov/form990pf*.

OMB No 1545-0052

2016

Open to Public Inspection

For calendar year 2016, or tax year beginning 01-01-2016 , and ending 12-31-2016

Name of foundation
RJW FOUNDATION

% RODNEY M WILSON

Number and street (or P O box number if mail is not delivered to street address)
20425 Summerville Road

Room/suite

City or town, state or province, country, and ZIP or foreign postal code
Excelsior, MN 55331

A Employer identification number
41-1858383

B Telephone number (see instructions)

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

G Check all that apply ☐ Initial return ☐ Initial return of a former public charity
☐ Final return ☐ Amended return
☐ Address change ☐ Name change

H Check type of organization ☑ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)*▶$ 5,678,099

J Accounting method ☑ Cash ☐ Accrual
☐ Other (specify)
(Part I, column (d) must be on cash basis)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)	636,550			
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	166	166	166	
	4	Dividends and interest from securities	75,268	75,268	75,268	
	5a	Gross rents	125,870		125,870	
	b	Net rental income or (loss) -48,050				
	6a	Net gain or (loss) from sale of assets not on line 10	108,647			
	b	Gross sales price for all assets on line 6a 219,475				
	7	Capital gain net income (from Part IV, line 2)		108,914		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)	58,053		58,053	
	12	**Total.** Add lines 1 through 11	1,004,554	184,348	259,357	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	75,396	12,396	49,658	25,738
	14	Other employee salaries and wages	37,144		27,385	9,758
	15	Pension plans, employee benefits	33,200		19,637	13,563
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule)				
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	27,009	3,636	24,584	2,425
	19	Depreciation (attach schedule) and depletion	23,761		23,761	
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	1,700,334		54,930	93,019
	24	**Total operating and administrative expenses.** Add lines 13 through 23	1,896,844	16,032	199,955	144,503
	25	Contributions, gifts, grants paid	33,200			33,200
	26	**Total expenses and disbursements.** Add lines 24 and 25	1,930,044	16,032	199,955	177,703
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-925,490			
	b	**Net investment income** (if negative, enter -0-)		168,316		
	c	**Adjusted net income**(if negative, enter -0-)			59,402	

Part II	**Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets				
1	Cash—non-interest-bearing	111,998	25,382	25,382
2	Savings and temporary cash investments	134,013	223,223	223,223
3	Accounts receivable ▶			
	Less allowance for doubtful accounts ▶	2,807		7,662
4	Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
5	Grants receivable			
6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
7	Other notes and loans receivable (attach schedule) ▶			
	Less allowance for doubtful accounts ▶			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges	2,302		4,905
10a	Investments—U S and state government obligations (attach schedule)			
b	Investments—corporate stock (attach schedule)	3,577,390	2,528,098	3,831,427
c	Investments—corporate bonds (attach schedule)			
11	Investments—land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
12	Investments—mortgage loans			
13	Investments—other (attach schedule)	3,577,390		
14	Land, buildings, and equipment basis ▶ 1,086,172			
	Less accumulated depreciation (attach schedule) ▶ 77,771	878,000	1,008,401	1,585,500
15	Other assets (describe ▶)			
16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	8,283,900	3,785,104	5,678,099
Liabilities				
17	Accounts payable and accrued expenses	6,305	10,389	
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe ▶)			
23	**Total liabilities**(add lines 17 through 22)	6,305	10,389	
Net Assets or Fund Balances				
	Foundations that follow SFAS 117, check here ▶ ☐ **and complete lines 24 through 26 and lines 30 and 31.**			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☑ **and complete lines 27 through 31.**			
27	Capital stock, trust principal, or current funds			
28	Paid-in or capital surplus, or land, bldg , and equipment fund	4,027,855	3,545,467	
29	Retained earnings, accumulated income, endowment, or other funds	672,350	229,248	
30	**Total net assets or fund balances** (see instructions)	4,700,205	3,774,715	
31	**Total liabilities and net assets/fund balances** (see instructions)	4,706,510	3,785,104	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,700,205
2	Enter amount from Part I, line 27a	2	-925,490
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	3,774,715
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,774,715

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1 a	VANGUARD BROKERAGE LONG TERM REPORTED SEE STATEMENT ATTACHED	P		
b	VANGUARD BROKERAGE LONG TERM NOT REPORTED STATEMENT ATTACHED	P		
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	26,941		24,458	2,483
b	163,859		73,519	90,340
c				
d				
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) **or** Losses (from col (h))
	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a				2,483
b				90,340
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	108,914
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2015	160,409	3,642,055	0 044044
2014	665,673	3,530,119	0 18857
2013	480,247	3,120,245	0 153913
2012	143,944	2,865,923	0 050226
2011	123,941	2,459,137	0 0504

2	**Total** of line 1, column (d)	2	0 487153
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 097431
4	Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	3,837,975
5	Multiply line 4 by line 3	5	373,938
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,683
7	Add lines 5 and 6	7	375,621
8	Enter qualifying distributions from Part XII, line 4	8	797,703

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter ________ **(attach copy of letter if necessary–see instructions)**				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b			1	1,683
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)				
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			2	
3	Add lines 1 and 2			3	1,683
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	1,683
6	Credits/Payments				
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	2,528		
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c			
d	Backup withholding erroneously withheld	6d			
7	Total credits and payments Add lines 6a through 6d			7	2,528
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	845
11	Enter the amount of line 10 to be **Credited to 2017 estimated tax** ▶ 845 **Refunded** ▶			11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		No
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for definition)?	1b		No
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ________ **(2)** On foundation managers ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		No
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		No
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		No
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ MN			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	8b	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9	Yes	
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		No

Part VII-A Statements Regarding Activities (continued)

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		No
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	

Website address ▶RJWAHS org

14 The books are in care of ▶RODNEY M WILSON Telephone no ▶(612) 801-7038

Located at ▶20425 SUMMERVILLE ROAD Excelsior MN ZIP+4 ▶55331

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** —Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15

			Yes	No
16	At any time during calendar year 2016, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		No
	See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) If "Yes", enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies. Yes No

1a During the year did the foundation (either directly or indirectly)

(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No

(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No

(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No

(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☑ Yes ☐ No

(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No

(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). ☐ Yes ☑ No

			Yes	No
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b		No
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2016?	1c		No

2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))

a At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? ☐ Yes ☑ No

If "Yes," list the years ▶ 20____ , 20____ , 20____ , 20____

			Yes	No
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions)	2b		

c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here
▶ 20____ , 20____ , 20____ , 20____

3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No

			Yes	No
b	If "Yes," did it have excess business holdings in 2016 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2016 .)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2016?	4b		No

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (Continued)

		Yes	No
5a	During the year did the foundation pay or incur any amount to		
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☑ No		
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☑ No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☑ No		
	(4) Provide a grant to an organization other than a charitable, etc , organization described in section 4945(d)(4)(A)? (see instructions) ☐ Yes ☑ No		
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No		
b	If any answer is "Yes" to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)? **5b**		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☑		
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No		
	If "Yes," attach the statement required by Regulations section 53 4945-5(d)		
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No		
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b**		No
	If "Yes" to 6b, file Form 8870		
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b**		

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation **(If not paid, enter -0-)**	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
RODNEY WILSON 20425 Summerville Road Excelsior, MN 55331	President & CEO 5 0	12,396	0	0
Michael A Wilson 20425 Summerville Road Excelsior, MN 55331	Executive Director - AHS 40 0	63,000	33,200	0

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances

Total number of other employees paid over $50,000 ▶

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)***

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".

(a) Name and address of each person paid more than $50,000	**(b)** Type of service	**(c)** Compensation
Total number of others receiving over $50,000 for professional services. . . . . ▶		

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 AFFORDABE HOUSING SERVICES PROVIDES CASE MANAGEMENT SERVICES AND HOUSING SUBSIDIES TO INDIVIDUALS WITH LOW INCOME DISABILITIES OR HOMELESSNESS SEE AHS REPORT ATTACHED	125,870
2 ON A WHEEL AND A PRAYER MINISTRY UNDER THE DIRECTION OF SERVANTS ON WHEELS EVERREADY (SOWERS) PROVIDES CONSTRUCTION SERVICES TO CHRISTIAN CAMPS, SCHOOLS, RETREAT CENTERS, ETC	18,633
3	
4	

Part IX-B **Summary of Program-Related Investments** (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NOKOMIS HOUSE - 6 UNIT APARTMENT BUILDING ADDED TO THE AFFORDABLE HOUSING DIRECT CHARITABLE ACTIVITY - SEE APPRASIAL ATTACHED AND RESOLUTION APPROVING INVESTMENT	620,000
2	
All other program-related investments See instructions	
3	
Total. Add lines 1 through 3 . . . . ▶	620,000

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations,see instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	3,636,054
b	Average of monthly cash balances.	1b	260,367
c	Fair market value of all other assets (see instructions).	1c	0
d	**Total** (add lines 1a, b, and c).	1d	3,896,421
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation). 1e		
2	Acquisition indebtedness applicable to line 1 assets.	2	0
3	Subtract line 2 from line 1d.	3	3,896,421
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	58,446
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,837,975
6	**Minimum investment return.** Enter 5% of line 5.	6	191,899

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☑ and do not complete this part)

1	Minimum investment return from Part X, line 6.	1	
2a	Tax on investment income for 2016 from Part VI, line 5. 2a		
b	Income tax for 2016 (This does not include the tax from Part VI). 2b		
c	Add lines 2a and 2b.	2c	
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	
6	Deduction from distributable amount (see instructions).	6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26.	1a	177,703
b	Program-related investments—total from Part IX-B.	1b	620,000
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	0
b	Cash distribution test (attach the required schedule).	3b	0
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	797,703
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions).	5	1,683
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4.	6	796,020

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				0
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only.			0	
b Total for prior years 2014 , 2013 , 2012		0		
3 Excess distributions carryover, if any, to 2016				
a From 2011.				
b From 2012.				
c From 2013. 321,215				
d From 2014. 495,761				
e From 2015.				
f **Total** of lines 3a through e.	816,976			
4 Qualifying distributions for 2016 from Part XII, line 4 ▶ $ 797,703				
a Applied to 2015, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2016 distributable amount.				
e Remaining amount distributed out of corpus	797,703			
5 Excess distributions carryover applied to 2016 *(If an amount appears in column (d), the same amount must be shown in column (a))*				
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	1,614,679			
b Prior years' undistributed income Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount —see instructions		0		
e Undistributed income for 2015 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2016 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2017				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)				
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)				
9 **Excess distributions carryover to 2017.** Subtract lines 7 and 8 from line 6a	1,614,679			
10 Analysis of line 9				
a Excess from 2012.				
b Excess from 2013. 321,215				
c Excess from 2014. 495,761				
d Excess from 2015.				
e Excess from 2016. 797,703				

Part XIV **Private Operating Foundations** (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2016, enter the date of the ruling. . . . . ▶ 1996-07-24

b Check box to indicate whether the organization is a private operating foundation described in section ☑ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2016	(b) 2015	(c) 2014	(d) 2013	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	59,402	61,365	63,204	93,633	277,604
b 85% of line 2a	50,492	52,160	53,723	79,588	235,963
c Qualifying distributions from Part XII, line 4 for each year listed	797,703	160,409	668,970	485,127	2,112,209
d Amounts included in line 2c not used directly for active conduct of exempt activities	33,200	50,000	38,550	87,894	209,644
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	764,503	110,409	630,420	397,233	1,902,565
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets	5,678,099	4,706,511	4,620,584	4,161,158	19,166,352
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)	1,585,500	878,000	844,500	630,000	3,938,000
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.	127,933	121,402	117,671	104,008	471,014
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

Part XV **Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see instructions.)**

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

See Additional Data Table

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☑ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or email address of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV **Supplementary Information** (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year* See Additional Data Table				
Total . . . . ▶ **3a**				33,200
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
1 Program service revenue	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
a AHS MANAGMENT FEES					58,053
b AHS AFFORDABLE RENTAL INCOME					125,870
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments. . . .					
3 Interest on savings and temporary cash investments			14	166	
4 Dividends and interest from securities. . . .			14	75,268	
5 Net rental income or (loss) from real estate					
a Debt-financed property.					
b Not debt-financed property.					
6 Net rental income or (loss) from personal property					
7 Other investment income.					
8 Gain or (loss) from sales of assets other than inventory			18	108,647	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e). .				184,081	183,923

13 **Total.** Add line 12, columns (b), (d), and (e). 13 368,004

(See worksheet in line 13 instructions to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)
1a	Tenant Rentals and Property Management Fees are an integral Part of the Affordable Housing, Service and Rent Subsidy Direct Charitable Activities They reduced the cost of providing the Affordable Housing from a total cost of $309,793 to $125,870 See AHS Retport Attached

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501 (c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash.	**1a(1)**		**No**
(2) Other assets.	**1a(2)**		**No**
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	**1b(1)**		**No**
(2) Purchases of assets from a noncharitable exempt organization.	**1b(2)**		**No**
(3) Rental of facilities, equipment, or other assets.	**1b(3)**		**No**
(4) Reimbursement arrangements.	**1b(4)**		**No**
(5) Loans or loan guarantees.	**1b(5)**		**No**
(6) Performance of services or membership or fundraising solicitations.	**1b(6)**		**No**
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	**1c**		**No**

d If the answer to any of the above is "Yes," complete the following schedule Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received

(a) Line No	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?. ☐ Yes ☑ No

b If "Yes," complete the following schedule

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

******	2017-04-19	******	May the IRS discuss this return with the preparer shown below (see instr)? ☐ **Yes** ☐ **No**
Signature of officer or trustee	Date	Title	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ▶ ☐	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no

Form 990PF Part XV Line 1a - List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000).

RODNEY M WILSON
JENIFER A WILSON

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
SANIBEL COMMUNITY CHURCH 1740 PERIWINKLE WAY Sanibel, FL 33957	NONE	PC	Christian Church that spreads the gospel of Christ and provides worship facilities for members and the greater community Also, directly supports Christian Missions to Equador, Brazil, Kazastan and other Countries around the world	6,000
First Covenant Church of Minneapolis 810 South 7th Street Minneapolis, MN 554151791	None	PC	Christian Church that is dedicatied to spreading and proclaming the gospel of Christ to members and the community Provides for Missions and Worship A full service Church	3,000
SW Florida Community Foundation 8771 College Parkway Suite 201 Fort Myers, FL 33919	None	501(c)(3) Community F	Provide Funding to the Robert and Benjamin Miller Donor Advised Fuund-Sponsor of Christian Camps for Mentaly and Physically disabled adults	3,000
Into the Jordan Ministries 2701 Cleveland Avenue Fort Myers, FL 33901	None	PC	Purpose is to provide activities and services to women who have been sexually exploited and trafficked between the ages of 14 to 40 Objective is to heal from past trama and teach alternative life skills, employment and education	12,000
On A Wheel & A Prayer 43391 234th Street Howard, SD 57349	None	PF	Christian Ministry that provided direct construction and repair services to christian camps, schools, social service properties through Servants on Wheels Ever Ready Services (SOWERS)	5,000
Westwood Community Church 3121 Westwood Drive Excelsior, MN 55331	None	PC	To Support the Christian Ministry of Westwood Church Support of the General Operating Fund	3,000
MJ Fox Parkinson's Foundation Grand Central Station PO Box 4777 New York, NY 101634777	None	PC	To Support Research into the Cause and Cure of Parkinson's Desease	0
Parkinson's Foundation 200 SE 1st Street Suite 800 Miami, FL 33131	None	PC	Support Research to find a Cure and Cause of Parkinson's Desease Also to provide finanical support for the distribution of Education and coping materials to individuals who suffer from the illness and their caregivers	0
University of Minnesota 516 15th Ave SE Ahletic Dept - 240 BFAB Minneapolis, MN 55455	None	PC	To provide finanical support to the University's athletic program with emphasis to the wrestling team and its coaching staff	0
Cottagewood Community Foundation 20280 Cottagewood Ave Deephaven, MN 55331	None	PC	To Support the Community Center for children and residents of the greater Cottagewood neighborhood	0
Minnesorta Public Radio 480 Cedar Street Saint Paul, MN 55101	None	PC	To Support the Nationwide Programing of MPR as the Leading Public Radio network in the country It is a tax exempt 501(c)(3) organiztion owned by American Public Media, also a 501(c)(3) organization	1,200
Total . . . . ▶ **3a**				33,200

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2016 Depreciation Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
3955 CEDAR AVE	2012-12-24	294,520	33,963	M27		10,709			
150/152 WOOD DUCK	2014-01-01	159,077	11,328	M27		5,784			
5137-39 28TH AVE S	2014-01-22	122,433	8,719	M27		4,452			
LAND	2014-01-22	245,000		L					
4920 28TH AVE S	2016-09-30	265,411		M27		2,816			

TY 2016 Investments Corporate Stock Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Name of Stock	End of Year Book Value	End of Year Fair Market Value
VANGUARD MARKETABLE SECURITIES	2,528,098	3,831,427

TY 2016 Investments - Other Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
VANGUARD MUTUAL FUNDS	FMV		
VANGUARD BROKERAGE ACCOUNT	FMV		

TY 2016 Land, Etc. Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
3955 CEDAR AVE	294,520	44,672	249,848	
150/152 WOOD DUCK	159,077	17,112	141,965	
5137-39 28TH AVE S	122,433	13,171	109,262	
LAND	245,000		245,000	
4920 28TH AVE S	265,411	2,816	262,595	

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TY 2016 Other Expenses Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
INSURANCE	9,255		9,255	
UTILITIES	16,717		16,717	
REPAIRS & MAINTENANCE	6,948		6,948	
PROPERTY MANAGEMENT FEE	15,877		15,877	
RENTAL LICENSE	182		182	
AHS HOUSING SUBSIDIES	80,033			80,033
TRAVEL EXPENSES - AHS	6,347		3,754	2,593
TRAVEL EXPENSES - OWP	8,875			8,875
OFFICE EXPENSES - AHS	3,714		2,197	1,518
UNREALIZED GAIN ON PROPERTY				

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
CONTRIBUTION NOT ON BOOKS	274,586			
REVERSE PRIOR YEARS UNREALIZED				
GAINS NOT ON BOOKS	1,277,800			

TY 2016 Other Income Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
Unrealized Losses			
AHS Management Fees	58,053		58,053
AHS Affordable Rental Income			

TY 2016 Other Professional Fees Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
WILSON DEVELOPMENT COMPANY				
INSIGHT THERAPY				

TY 2016 Taxes Schedule

Name: RJW FOUNDATION

EIN: 41-1858383

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXCISE TAXES	3,338	3,338	3,338	
PAYROLL TAXES	5,935		3,510	2,425
REAL ESTATE TAXES	17,438		17,438	
FOREIGN TAXES PAID	298	298	298	

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93491132019537

Schedule B (Form 990, 990-EZ, or 990-PF) Department of the Treasury Internal Revenue Service	**Schedule of Contributors** ▶ Attach to Form 990, 990-EZ, or 990-PF ▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at *www irs gov/form990*.	OMB No 1545-0047 **2016**

Name of the organization RJW FOUNDATION	Employer identification number 41-1858383

Organization type (check one)

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☑ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions

General Rule

☑ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling $5,000 or more (in money or other property) from any one contributor Complete Parts I and II See instructions for determining a contributor's total contributions

Special Rules

☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1 Complete Parts I and II

☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals Complete Parts I, II, and III

☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc , purposes, but no such contributions totaled more than $1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc , contributions totaling $5,000 or more during the year . . . . ▶ $ ____________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990, or check the box on line H of its Form 990-EZ or on its Form 990PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization
RJW FOUNDATION

Employer identification number
41-1858383

Part I **Contributors** (see instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Rodney M Wilson 14941 Canaan Dr Fort Myers, FL339081660	$ 310,000	Person ☐ Payroll ☐ Noncash ☑ (Complete Part II for noncash contributions)
2	Jenifer A Wilson 14941 Canaan Dr Fort Myers, FL339081660	$ 310,000	Person ☐ Payroll ☐ Noncash ☑ (Complete Part II for noncash contributions)
-		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)
-		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)
-		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)
-		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)

Name of organization
RJW FOUNDATION

Employer identification number
41-1858383

Part II **Noncash Property**

(see instructions) Use duplicate copies of Part II if additional space is needed

(a) No.from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	50% Interest in 6 Unit Apartment Building - 4920 28th Ave So, Minneapolis MN - See Appraisal Attache	$ 310 000	2016-09-30

(a) No.from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
2	50% Interest in 6 Unit Apartnebt Building located at 4920 28th Ave So Minneapolis MN See Appraisal A	$ 310 000	2016-09-30

(a) No.from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No.from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No.from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No.from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization
RJW FOUNDATION

Employer identification number
41-1858383

Part III *Exclusively* religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than $1,000 for the year from any one contributor. Complete columns **(a)** through **(e)** and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ $ ____________

Use duplicate copies of Part III if additional space is needed

(a) No.from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No.from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No.from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No.from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

RJW Foundation

Employer ID 41-1525383

Statement RE: Change in Status to Private Operating Foundation
Part XIV

In 2016, the RJW Foundation(RJW) has converted its status from a Private Grant-Making Foundation to a Private Operating Foundation.

RJW is a Private Operating Foundation as that term is defined in Section 4642(j)(3) of the Internal Revenue Code **(IRC)** because:

1. **It satisfies the Income Test.** In the aggregate, for the four-year period including 2013, 2014, 2015 and the current year 2016, **RJW** has spent more than 85% of its Combined Adjusted Net Income:

   "directly in the active conduct of *its charitable activity of granting "relief to the poor and distressed" as defined in the rule set forth in Reg 1.501(c)(3)-1(d)(2) by providing rental subsidies and services to individuals and their families in an amount necessary to reduce the portion of the rent paid by them to an amount that makes the housing affordable to low-income or very low-income tenants as those terms are defined in the HUD computed and published income limits.* See Separate Statement RE: AHS Direct Charitable Activity described in Section IX A line 1 and AHS Program Related Investment Summarized in Section IX B Line 1 for a more detailed description of the AHS Direct Charitable Activities. Also see Separate Statement RE OWP Direct Charitable Activity described in Section IXA, line 2 for a more detailed description of the OWP Direct Charitable Activity.

2. **It satisfies the Endowment Test.** In the aggregate, for the four-year period including 2013, 2014, 2015 and the current year 2016, **RJW** has made Qualifying Distributions of more than 66.67% of its Minimum Investment Return directly for the active conduct of its AHS and OWP Direct Charitable Activities.

See Schedule 1 attached that sets forth the details of the computations that reflect the satisfaction of the above described tests

RJW Foundation Schedule 1 27-Apr-17
9:46 AM

Private Operating Foundation Tests
Year 2016

Description	2013	2014	2015	2016	Total
Net Income Test					
Minimum Investment Income	156,012	176,506	182,103	191,899	706,520
Adjusted Net Income-					
Gross Investment Income	146,179	103,975	71,480	75,168	396,802
Gross Charitable Income - rents	52,930	93,434	107,052	125,870	379,286
Gross Management Fees	0	58,900	70,447	58,054	187,401
Total Gross Income	199,109	256,309	248,979	259,091	963,488
Investment Expenses	52,546	40,771	10,115	16,032	119,464
Charitable Expenses - Rents	52,930	93,434	107,052	125,870	379,286
Management fee Expenses	0	58,900	70,447	58,054	187,401
Total Expenses	105,476	193,105	187,614	199,956	686,151
Adjusted Net Income	93,633	63,204	61,365	59,136	277,338
Lower of Minimum or ANI	93,633	63,204	61,365	59,136	277,338
85% of Lower of Minimum or ANI	79,588	53,723	52,160	50,265	235,737
Qualifying Distributions-	485,127	668,970	160,409	797,703	2,112,209
Grants to other charities	(87,894)	(38,550)	(50,000)	(33,200)	(209,644)
Made for direct charitble activity	397,233	630,420	110,409	764,503	1,902,565
Income Test Met	Yes	Yes	Yes	Yes	Yes
Asset Test					
Market Value of All Assets	4,161,158	4,620,584	4,706,511	5,678,099	4,791,588
65% of All Assets	2,704,753	3,003,380	3,059,232	3,690,765	3,114,532
MV of Direct Charitable Assets	630,000	844,500	878,000	1,585,500	984,500
% of All Assets	15.14%	18.28%	18.66%	27.92%	20.55%
Asset Test Met	No	No	No	No	No
Endowment Test-					
66.67% of Minimum Investment Return	104,008	117,671	121,402	127,932	471,013
Made for direct charitble activity	397,233	630,420	110,409	764,503	1,902,565
	Yes	Yes	No	Yes	Yes
Qualifying Distributions More than Charitable Contributions to RJW Foundation-					
Charitable Contributions to Foundation	300,600	327,091	182,170	636,550	1,446,411
Qualifying Distributions by RJW Foundation	140,127	668,970	160,409	797,703	1,767,209
Distribute more than 100% of donations	No	Yes	No	Yes	Yes

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W.C. Lewis & Associates
Real Estate Appraisals and Consulting

REAL ESTATE APPRAISAL OF:

4920 28th Avenue South
Minneapolis, MN 55417

(6-Unit Apartment Building)

PREPARED FOR:

RJW Foundation, Rod Wilson,
Their successors and/or assigns
20200 Lakeview Avenue
Excelsior, MN 55331

6608 Limerick Drive   Edina, MN 55439   612-590-8194

www.wclewisappraisals.com

W.C. Lewis & Associates

Real Estate Appraisals and Consulting

MARKET VALUE APPRAISAL OF:

An Existing 6-Unit Apartment Building

REPORT TYPE:

Summary Appraisal Report

(Appraiser File No. 304APT1232-16)

PROPERTY LOCATED AT:

4920 28th Avenue South
Minneapolis, MN 55417

AS OF:

November 7, 2016

FOR:

RJW Foundation, Rod Wilson,
Their successors and/or assigns
20200 Lakeview Avenue
Excelsior, MN 55331

BY:

W.C. Lewis
(Certified General Real Property Appraiser)

www.wclewisappraisals.com
W.C. Lewis & Associates
Real Estate Appraisals and Consulting

November 30, 2016

RJW Foundation and Rod Wilson
20200 Lakeview Avenue
Excelsior, MN 55331

RE:	**Appraisal of:**	6-Unit Apartment Building
	Address:	**4920 28th Avenue South**
		Minneapolis, MN 55417
	Format:	Complete Appraisal; Summary Appraisal Report
	Appraisal File #:	304APT1232-16

Dear Mr. Wilson:

Pursuant to the request, the Appraiser has completed a market value appraisal report on the above referenced property. The purpose of the appraisal is to arrive at an estimate of market value of the fee simple interest of the property. Market value is defined within the definition section of this report.

In the appraiser's opinion, the subject 6-unit apartment building, had a most probable "as is" fee simple aggregate market value on **November 7, 2016** (based on a previous interior inspection date of November 19, 2015 and an exterior inspection date of November 7, 2016) of:

Six Hundred Twenty Thousand Dollars

$620,000

Personal property and trade fixtures are not included in the above value. The marketing period is estimated to be less than twelve months.

The attached report contains data gathered in our investigation and demonstrates our analysis in arriving at the estimate of market value.

To the best of my knowledge and belief the statements of fact contained in this report and upon which the opinions herein are based are true and correct, subject to the assumptions and limiting conditions explained in the report.

This appraisal report identifies all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported, and I certify that I have no interest, either present or contemplated, in the subject apartment building. ***NOTE: No interior inspection was made on November 7, 2016 and the interior condition is assumed to be the same as on the previous November 19, 2015 inspection date.***

Mr. Wilson,

I have no personal interest or bias with respect to the subject matter of the appraisal report or the parties involved. This appraisal assignment was not based on a minimum valuation, a specific valuation or approval of a loan.

The value indication in this appraisal assumes there is no soil, groundwater or environmental contamination in/on the subject site. The appraiser was not aware of any contamination in their inspection but he is not an environmental expert and therefore recommends an inspection by environmental companies if there are concerns. Should the subject 6-unit apartment building be contaminated, the market value indicated in this appraisal is subject to change and could result in a loss of value.

The value conclusion of this report is my estimate based on accepted real estate appraisal practice and has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards of Professional Conduct of the Appraisal Institute. This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation. This appraisal also conforms to the prevailing guidelines issued under Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1990 (FIRREA), and subsequent revisions made to this act in 1994.

The undersigned certifies that he has personally inspected the interior and exterior of the subject 6-unit apartment building on a previous date of 11/19/2015 and an exterior only inspection again on 11/7/2016. The undersigned has investigated the information believed to be pertinent to the valuation of the subject property. To the best of my knowledge and belief, the statements and opinions expressed herein are correct and reasonable, subject to the assumptions and limiting conditions set forth within. The interior condition of the subject is assumed to be the same as the previous inspection date of November 19, 2015.

The appraiser has investigated the information believed to be pertinent to the valuation of the subject property. To the best of my knowledge and belief, the statements and opinions expressed herein are correct and reasonable, subject to the assumptions and limiting conditions set forth within.

This information is presented with the understanding that appraisals and reporting formats vary greatly depending upon the client's individual needs, time constraints, the size and complexity of the property and the intended use of the data. All of the worksheets and related materials that are essential to understanding the value estimate have been retained in my office files.

This report has been generated for and is only intended for use by the RJW Foundation, Rod Wilson, their successors and/or assigns.

Certified this 26th day of November 2016.

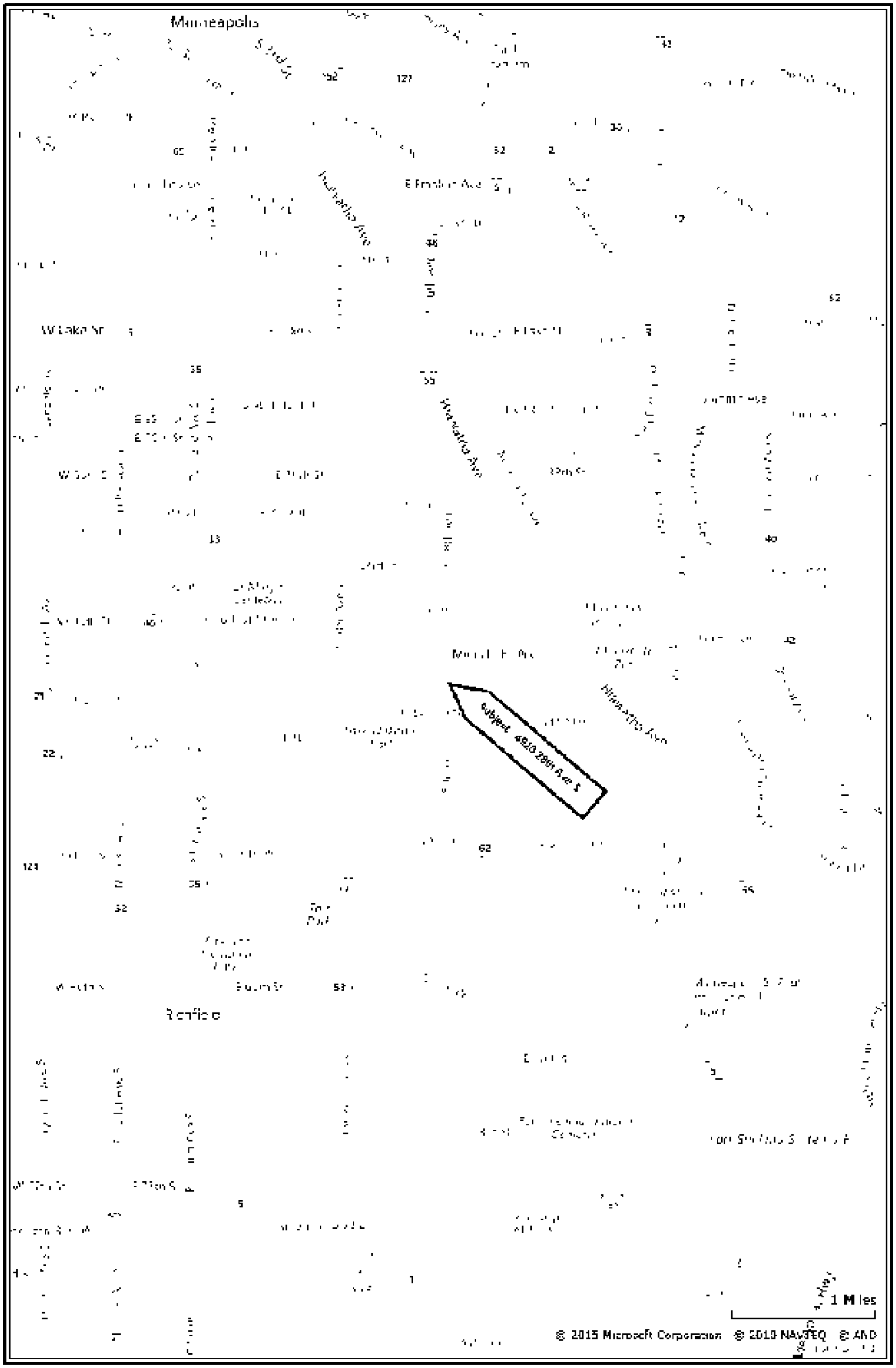
Willis C. Lewis, Appraiser License #4000961
Certified General Real Property Appraiser

[redacted]

PART I – INTRODUCTION

[redacted]

Minneapolis Area Location Map



[redacted]

GENERAL DESCRIPTION:

4920 28th Avenue South (PID #13-028-24-13-0035) 6-unit apartment building consisting of one parcel of land with a total estimated 7,621 square feet (per County). There is 5,304 sf of gross building area (4,254 sf of net-rentable area). The building is judged to be in slightly above-average condition based on a previous interior inspection date of 11/19/2015; the building reflects an average quality of construction.

LOCATION:	4920 28th Avenue South Minneapolis, MN 55417; Hennepin County		
OWNER/TAXPAYER:	The RJW Foundation		
PID:	13-028-24-13-0035		
INTEREST APPRAISED:	Fee Simple		
APPRAISAL PURPOSE:	Estimate Market Value of the Fee Simple Interest		
APPRAISAL USE:	Non-cash Charitable Contribution		
HIGHEST & BEST USE:	Existing use as an apartment building		
GROSS BUILDING AREA:	5,304 sf (on 3 levels, including basement)		
DATE BUILT:	1930 (20 years effective age)		
TOTAL LAND SIZE: BLDG FOOTPRINT SIZE/L:B RATIO:	7,621 square feet 1,768/4.29:1		
ZONING:	R2B – Residence District (Low Density)		
CLEAR CEILING HEIGHT:	8/9 feet		
ASSESSOR'S 2016 MARKET VALUE:	LAND $65,000	BUILDING $399,000	TOTAL $464,000
2016 REAL ESTATE TAX:	$8,270.38 (Includes special assessments of $323.93)		
ESTIMATED VALUE BY:	[redacted]		
	N/A	**$640,000**	**$580,500**

[redacted]

DATE OF VALUATION:	"As Is": November 7, 2016 (Inspection Date)
APPRAISER:	Willis C. Lewis, Certified General Real Property Appraiser

Positive characteristics that would tend to enhance the marketability and value of the subject property are:

- Access to major thoroughfares is good (Interstate Highway 35 is within 21/ miles west, State Highway 62 is one mile south of the subject)
- Relatively close proximity to the Minneapolis Central Business District (located 4.5 miles SSW of downtown)
- Interest rates are stable and favorable
- Area of generally well-maintained properties with good accessibility
- Public transportation is within 1/2 block at 49th Street and 28th Avenue.

Negative characteristics that may inhibit the marketability of the subject property include:

- Although interest and rental rates are favorable, the market is still rebounding from the current recession and economic conditions.

Conclusion

The subject is a 2-story, 6-unit apartment building with garden level basement, constructed in 1930. The full-basement has one efficiency apartment (390sf), one 1-BR apartment (768sf), a separate laundry and mechanical rooms; there are four 1-BR units (774sf) above grade. There is a total of 4,254 sf of net rentable area. Part of the basement is unfinished for laundry, storage and mechanical systems. The building is set on an estimated 7,621 square foot site zoned for multi-family residential use. The building is very functional for apartment usage and is conducive to owner-occupancy. The subject is currently fully rented.

The building is assumed to be structurally sound and has a generally average exterior appeal. It exhibits an average quality of construction and is in overall slightly above-average condition. There is good arterial road access and good demand for this area and property.

[redacted]

I certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraiser has no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The appraisers' engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The appraisers' compensation for completing this assignment is not contingent upon the development or reporting or a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional appraisal Practice of the Appraisal Institute.
- W.C. Lewis has made a personal inspection of the property that is the subject of this report.
- No one other than W.C. Lewis provided significant real property appraisal assistance to the persons signing this certification.

No interior inspection was made on the appraisal date of November 7, 2016; the interior condition is assumed to be the same as a previous inspection date of November 19, 2015. After careful inspection and review of all pertinent data, it is our opinion that the estimated Market Value, of the subject 6-unit apartment building located at 4920 28th Avenue South, Minneapolis, MN 55417, as of **November 7, 2016,** "AS IS", unencumbered in fee simple is:

Six Hundred Twenty Thousand Dollars

$620,000

Willis C. Lewis, Appraiser License #4000961
Certified General Real Property Appraiser

[redacted]

This appraisal is in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 as the appraisers understand them. The following are the "fourteen points" and a reference within the appraisal of the page and method of compliance. Excerpted from: Vol. 55 No. 165, Federal Register, Friday, August 24, 1990, Section 34.44 Appraisal Standards. Minimum Standards include:

(a) All Appraisals must:

1. Conform to USPAP, except that the Departure Provision, which allows below minimum work, will not apply; **this appraisal does not exercise the departure provision. All USPAP requirements are met.**
2. Include a disclosure of any steps taken in order to comply with the Competency Provision of USPAP;

   The appraiser is experienced in the appraisal of properties such as the subject. See qualifications.
3. Be based on the market value or other values as defined in the attached DEFINITIONS;

   The source of the definition of market value is from OCC regulations and appears on page 16.
4. [i] be written and presented in a narrative format;
   [ii] be sufficiently descriptive to enable the reader to ascertain the market value and the rationale for the estimate;
   [iii] provide detail and depth reflective of the complexity of the property appraised;

   This is a Complete Appraisal that does not exercise the departure.
5. Analyze and report in reasonable detail any prior sales of the property within the last three years;

   See Sales History section.
6. Analyze and report current revenues, expenses and vacancies on income producing properties rather than upon estimated or projected figures not supported by current market conditions;

   The rental of the subject is analyzed based on income rental data provided the management as well as competitive properties in the Income Approach section.
7. Use a reasonable marketing period for the property;

   See the Marketability section.
8. Analyze current market conditions and trends that will affect the income, absorption, or value of the property;

   See the Neighborhood section, the Highest and Best Use section and the Income Approach section.

[redacted]

9. Report both the "as is" (using appropriate deductions and discounts for holding and marketing costs, and entrepreneurial profit) and the stabilized market values for development property; report both the value in use and liquidation value for owner-occupied property;

   Not applicable as the subject is not development properties as of the date of appraisal.

10. Include in the USPAP-required certification an additional statement that: "the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan";

    See the Certification on page 10.

11. Contain sufficient supporting documentation to allow the reader to ascertain the appraiser's logic, reasoning, judgment and analysis;

    This is a Complete Appraisal that does not exercise the departure.

12. Include a legal description of the subject (in addition to the description required by USPAP);

    See Legal Description section.

13. Identify and value separately any non-real estate items;

    See Reconciliation and Value Conclusion. This appraisal was for the real property and does not include any furniture, fixtures and equipment.

14. Use and reconcile the income, direct sales and cost approaches to value and explain the omission of any approach not used.
    The Cost Approach was considered but not used. See Reconciliation and Value Conclusion.

15. If any information necessary to complete the appraisal is unavailable, this fact must be disclosed.

    This option was not exercised; all necessary information is contained within the report.

[redacted]

The purpose of this appraisal is to estimate the current market value of the fee simple interest of the subject property as of November 7, 2016. ***No interior inspection was made on the appraisal date of November 7, 2016; the interior condition is assumed to be the same as a previous interior inspection performed on November 19, 2015.***

[redacted]

This appraisal is intended to assist the RJW Foundation, Rod Wilson, their successors and/or assigns by providing the client with an estimated value of the subject property for use as a Non-cash Charitable Contribution (see page 2 of Form 8283 in addendum on page 77).

[redacted]

The most probable market value of the fee simple interest in this real estate is estimated as of the date of inspection November 7, 2016. The appraiser has inspected the interior and exterior of the property. ***No interior inspection was made on the appraisal date of November 7, 2016; the interior condition is assumed to be the same as a previous interior inspection performed on November 19, 2015.***

[redacted]

The subject was inspected on November 7, 2016.

[redacted]

(Appraisal Standards Competency Rule)

The Competency Provision of the USPAP states that "Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently; or alternatively: 1) disclose the lack of knowledge and/or experience to the client before accepting the assignment; and 2) take all steps necessary or appropriate to complete the assignment competently; and 3) describe the lack of knowledge and/or experience and the steps taken to complete the assignment in the report."

The appraiser has a Certified General Appraisers License and is experienced in the appraisal of commercial properties such as the subject apartment building. See qualifications.

[redacted]

This appraisal is intended to be a comprehensive asset valuation analysis to determine the current market value of the subject 6-unit apartment building given the current conditions of the real estate market and the physical and financial condition of the asset. In this appraisal, the most probable market value of the fee simple interest is estimated. The scope of this appraisal encompasses the research and analysis necessary to prepare a report in accordance with the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Practice as adopted by the Appraisal Foundation. In regard to the subject apartment building, the following steps were involved:

1. An exterior-only inspection was performed November 7, 2016. An exterior/interior inspection for a previous appraisal was performed on November 19, 2015. At the request of the owner, an exterior-only inspection was performed and the interior was said to be in the same or similar condition as the Appraiser's previous interior inspection date. The appraisal was based upon the physical inspection of the subject property and information obtained from the City of Minneapolis Assessor's office, property management as well as other sources of data.
2. Regional, city and neighborhood data was compiled using several sources. The neighborhood analysis was also based upon a physical inspection of the area.
3. In estimating the highest and best use for the property, an analysis was made of data compiled in the three steps noted above.
4. Three approaches to value were considered - the Cost Approach, the Income Capitalization Approach and the Sales Comparison Approach. **The Sales Comparison and Income Approaches to value were analyzed in this report. The Cost Approach was considered but not applied due to the older age of the subject; this approach is more applicable to newer properties.**
5. After assembling and analyzing the data defined in the scope of the appraisal, a final estimate of value was made for the property.

The methods, facts, and conclusions used in the preparation of this appraisal report were obtained from the following: education in real estate, experience in the real estate appraisal field; discussions with lending institutions, insurance companies, real estate brokers, city officials, county assessors, and colleagues in the appraisal profession. The following sources were referenced in the preparation of this report.

Property Information:	Minneapolis Planning/Zoning Office Owner Representatives Personal Inspection
Zoning Ordinance:	City of Minneapolis
Taxes and Special Assessments:	Hennepin County Minneapolis, Minnesota
Market Information:	City of Minneapolis Hennepin County Multiple Listing Service Company Files Real Estate Related Web Sites
Appraisal Terms and Methodology:	*Appraisal of Real Estate*, 12th Edition, Appraisal Institute OCC's Final Rule, 12 CFR Part 34, Subpart C - Appraisals, Section 34.42(f) Effective August 24, 1990

[redacted]

Market Value is defined as "the most probable price in terms of money, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus".

Implicit in this definition is the consummation of a sale, as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.

2. Both parties are well informed or well advised and each acting in what they consider their own best interest.

3. A reasonable time is allowed for exposure in the open market.

4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

[redacted]

The subject real estate will be appraised by providing a **market value opinion of the fee simple interest of the real estate.**

For use in this appraisal, the market value of the fee simple interest in the real estate is subject to the following definition obtained from <u>The Dictionary of Real Estate Appraisal</u>, The Appraisal Institute. Other definitions follow.

Fee Simple Estate**:** *Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government: eminent domain, escheat, police power, and taxation.*

<u>Other Definitions</u>

Liquidation or Disposition Value: "Liquidation Value" shall mean Market Value, but instead of assuming a "reasonable marketing period", assume that the property is to be marketed and sold on an expedited basis; that is, assume the property is to be marketed and sold within 6 months. If the property cannot be sold within 6 months, in the opinion, state the earliest possible date of a cash sale and explain the rationale.

Leased Fee Estate: The ownership interest of the owner or landlord.

Value-In-Use: Market Value-In-Use, refers to the value which a piece of real property and/or related fixtures, machinery and equipment may contribute to the occupant of said real estate over and above the value which the real estate may have in exchange.

In the appraisal of real estate, the appraiser sometimes encounters an assignment or requirement in which he must estimate the "value-in-use" of a given property. This may function as a basis for asset valuation in a merger, or in a "going-concern" situation (such as a security issue), or simply as a value judgment of worth of a property to its present owner(s) in time of condemnation for other reasons.

"Value-In-Use" computation can generally be justified when:

1. The property is fulfilling reasonable identifiable economic demand for the service it provides or which it houses.

2. The property improvements have a reasonable remaining economic life expectancy.

3. Diversion of the property to an alternate use would not be economically feasible.

4. Continuation of present use is assumed.

When a preponderance of factors above appear, then it is appropriate that the appraiser carefully qualifies their findings, and issues an opinion of "Value-In-Use". It is obvious that the cost approach must be relied upon in such situations, but all measures of the economic contribution of the real estate to the total "going-concern" situation are considered relevant. Typical examples of property situations where the value in use concept holds validity are (to name a few):

1. Valuation of a railroad station in a small city served by one railroad only;

2. Gasoline service station;

3. Value of specially designed manufacturing plants suited for one process only;

4. Valuation of public or quasi-public facilities, such as sports arenas, technical facilities, etc. Less restricted types might include creameries, atomic facilities, etc.

It will be readily discerned that single-use, or special-use, or single-purpose properties are those most subject to a "value-in-use" appraisal. **The subject is not considered to be a special-use type property.**

[redacted]

PART II - FACTUAL DESCRIPTIONS

[redacted]

The 6-unit apartment building, which is the subject of this report, consists of one parcel of land with a total estimated 7,621 square feet. There are 5,304 sf of gross building area (4,254 sf of net-rentable area). The building square footage was obtained by a physical inspection by the Appraiser. At the time of the inspection the subject building was 100% occupied. The building is judged to be in overall slightly above-average condition and reflects average construction quality.

Address:

Commonly known as: 4920 28th Avenue South
Minneapolis, MN 55417, Hennepin County

Legal Description: ***(Appraisal Standard #2-2)***

Lot 4, Block 10, Pillsbury's Addition to Minnehaha Park,
Hennepin County, Minnesota

Property Identification Numbers: 13-028-24-13-0035

Other Non-Realty Items: There were no other non-realty items included in the analysis**.**

Personal Property: ***(Appraisal Standard #2-2)***

No items of personal property or trade fixtures were valued in the subject property.

[redacted]

THREE-YEAR HISTORY OF OWNERSHIP

In the Appraisers' research, the subject property has not sold within the past 3 years; the subject last sold 4/30/2004 for $595,000. Per county records, Wilson Real Estate Inc. currently owns the subject property. The most recent sales are shown below.

[redacted]

4/30/2004	$595,000	Sweeney, Diane	Wilson Real Estate Inc.
11/7/2001	$475,000	4920 28th Ave South LLC	Dian E Kadue
8/31/2000	$342,500	Mae Properties Llp	4920 28th Ave South LLC

[redacted]

[redacted]			
2014	$65,000	$293,000	$358,000
2015	$65,000	$346,000	$411,500
2016	$65,000	$399,000	$464,000

[redacted]	
2014	$8,127
2015	$7,576
2016	$7,946

Tax Comments

The tax information was obtained from Hennepin County. Taxes payable are typically based on the proceeding years' assessed valuation (2015). **It appears the taxes are typical for the area and appear stable and independent of assessed value.**

Assessments

Current special assessments of $323.93 were noted; total taxes with special assessments are $8,270.38.

Delinquent Real Property Taxes

Any delinquent taxes encumbering the subject 6-unit apartment building are assumed paid in total by the owner. None are indicated on county records.

The projected market value assumes that the subject is free of all *special* assessments, delinquent taxes, and any other encumbrances, which may have an adverse effect on value.

Purpose

The **R2B** Two-family District is established to provide for an environment of predominantly low density, single and two-family dwellings and cluster developments. In addition to residential uses, institutional and public uses and public services and utilities may be allowed.

Building bulk requirement

In the **R2B District** the maximum height of all principal structures shall be two and one-half (2.5) stories or thirty-five (35) feet in height, whichever is less. The maximum floor area ratio shall be as specified in Table 546-9, R2B Lot Dimension and Building Bulk Requirements (refer to City of Minneapolis Zoning Code for specifics).

General District Regulations

The following conditions govern uses in the R2B District:

(1) *Permitted uses.* Uses specified with a "P" are permitted as of right in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance Persons wishing to establish a permitted use shall obtain a zoning certificate for such use as specified in Chapter 525, Administration and Enforcement

(2) *Conditional uses.* Uses specified with a "C" are allowed as a conditional use in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance Persons wishing to establish or expand a conditional use shall obtain a conditional use permit for such use, as specified in Chapter 525, Administration and Enforcement

(3) *Prohibited uses.* Any use not listed as either "P" (permitted) or "C" (conditional) in a particular district or any use not determined by the zoning administrator to be substantially similar to a use listed as permitted or conditional shall be prohibited in that district

(4) *Specific development standards.* Permitted and conditional uses specified with an "✓" under the Specific Development Standards column shall be subject to the specific development standards of Chapter 536, Specific Development Standards

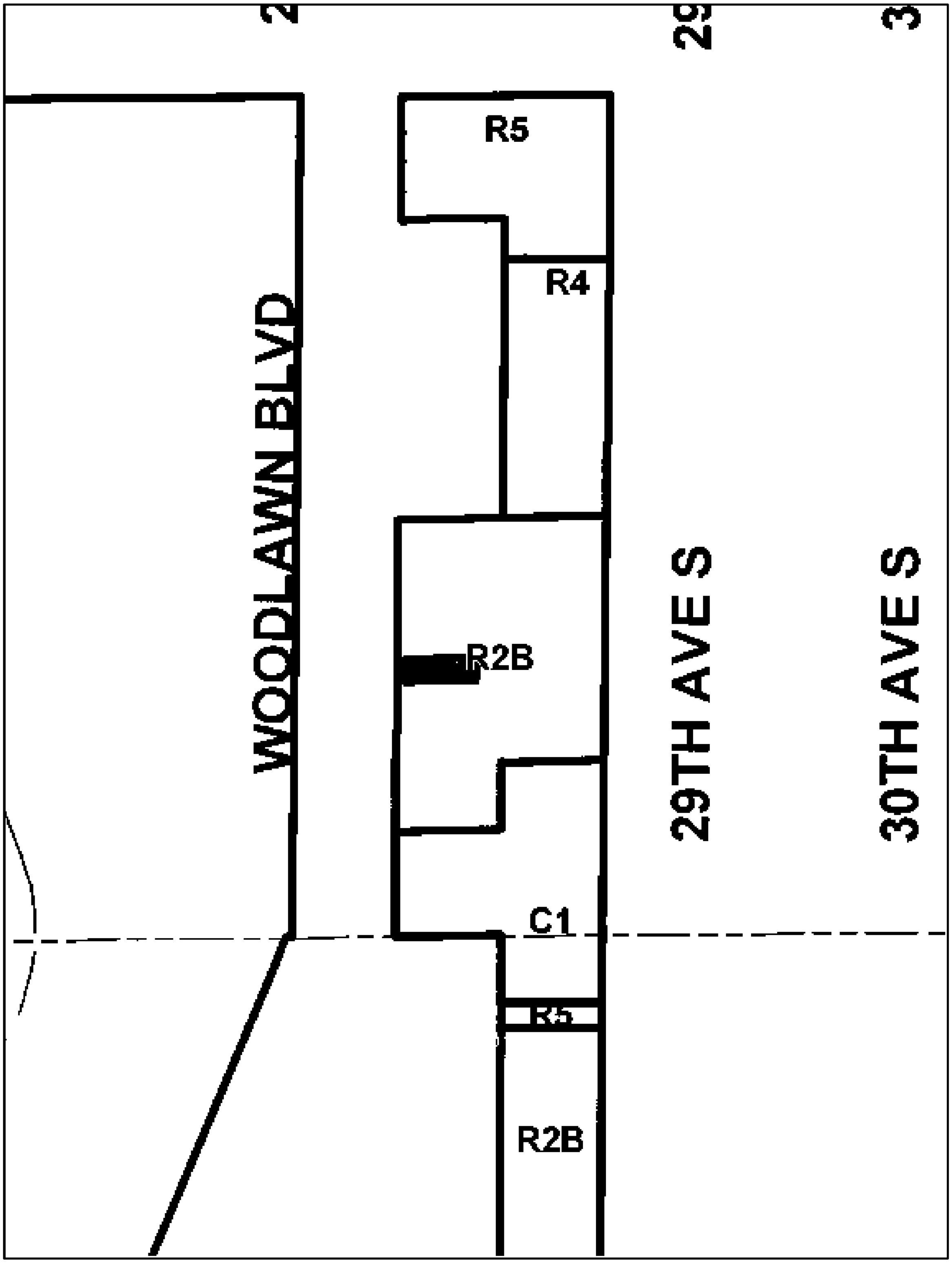
Dwellings									
Single-family dwelling	P	P	P	P	P	P			√
Two-family dwelling			P	P	P	P			
Single or two-family dwelling existing on the effective date of this ordinance							P	P	
Cluster development	C	C	C	C	C	C	C	C	√
Multiple-family dwelling, three (3) and four (4) units					P	P	P	P	
Multiple-family dwelling, five (5) units or more					C	C	C	C	
Planned residential development					C	C	C	C	√
Congregate Living									
Community residential facility serving six (6) or fewer persons	P	P	P	P	P	P	P	P	√
Community residential facility serving seven (7) to sixteen (16) persons					C	C	C	C	√

Community residential facility serving seventeen (17) to thirty-two (32) persons						C	C	C	√
Board and care home/ Nursing home/ Assisted living						C	C	C	√
Faculty house						C	C	C	√
Fraternity or sorority						C	C	C	√
Hospitality residence						C	C	C	√
Residential hospice						C	C	C	√
Supportive housing						C	C	C	√
Educational Facilities									
Early childhood learning center	C	C	C	C	C	C	C	C	√
Preschool	C	C	C	C	C	C	C	C	√
Social, Cultural, Charitable and Recreational Facilities									
Athletic field	C	C	C	C	C	C	C	C	√
Cemetery	C	C	C	C	C	C	C	C	
Community garden	P	P	P	P	P	P	P	P	√
Developmental achievement center	C	C	C	C	C	C	C	C	√
Golf course	C	C	C	C	C	C	C	C	√
Library, public	C	C	C	C	C	C	C	C	
Park, public	P	P	P	P	P	P	P	P	
Religious Institutions									
Place of assembly	P	P	P	P	P	P	P	P	
Bed and breakfast home					C	C	C	C	√
Child care center	C	C	C	C	C	C	C	C	√
Nursery or greenhouse existing on January 1, 1991	C	C	C	C	C	C	C	C	√
Parking lot, serving institutional and public uses	C	C	C	C	C	C	C	C	
Parking lot, serving multiple-family dwellings					C	C	C	C	
Parking lot, serving board and care home/ nursing home/ assisted living						C	C	C	
Bus turnaround	C	C	C	C	C	C	C	C	
Electric or gas substation	C	C	C	C	C	C	C	C	
Fire station	C	C	C	C	C	C	C	C	
Passenger transit station	C	C	C	C	C	C	C	C	
Police station	C	C	C	C	C	C	C	C	
Railroad right-of-way	C	C	C	C	C	C	C	C	
Stormwater retention pond	C	C	C	C	C	C	C	C	
Telephone exchange	C	C	C	C	C	C	C	C	
Water pumping and filtration facility	C	C	C	C	C	C	C	C	

Conclusion:

The subject as improved with a 6-unit apartment building is reported to be a "Legal and Conforming Use".

Zoning Map



[redacted]

The subject property is located in the Twin Cities metro area (TCMA). The market is considered to be the eleven-county metro area with the sub market considered to be the Cities of Minneapolis and St. Paul. The following analysis covered the physical, economic, governmental and social factors that affect real estate value.

PHYSICAL FACTORS

The Twin Cities Metropolitan Area (TCMA) consists of eleven counties located in the eastern/southeastern region of the state of Minnesota, and near the confluence of the Mississippi and Minnesota Rivers. The TCMA includes the counties of *Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington, Chisago, Isanti, St. Croix and Wright (Hennepin County is one county away from Scott and Dakota counties).* It contains 137 cities and 50 townships encompassing 3,000 square miles. The major urban cities, Minneapolis and St. Paul, are located in Hennepin and Ramsey counties respectively. The region has average temperatures, which range between 20 degrees and 65 degrees Fahrenheit. Average annual precipitation is 24", and average annual snowfall is 45".

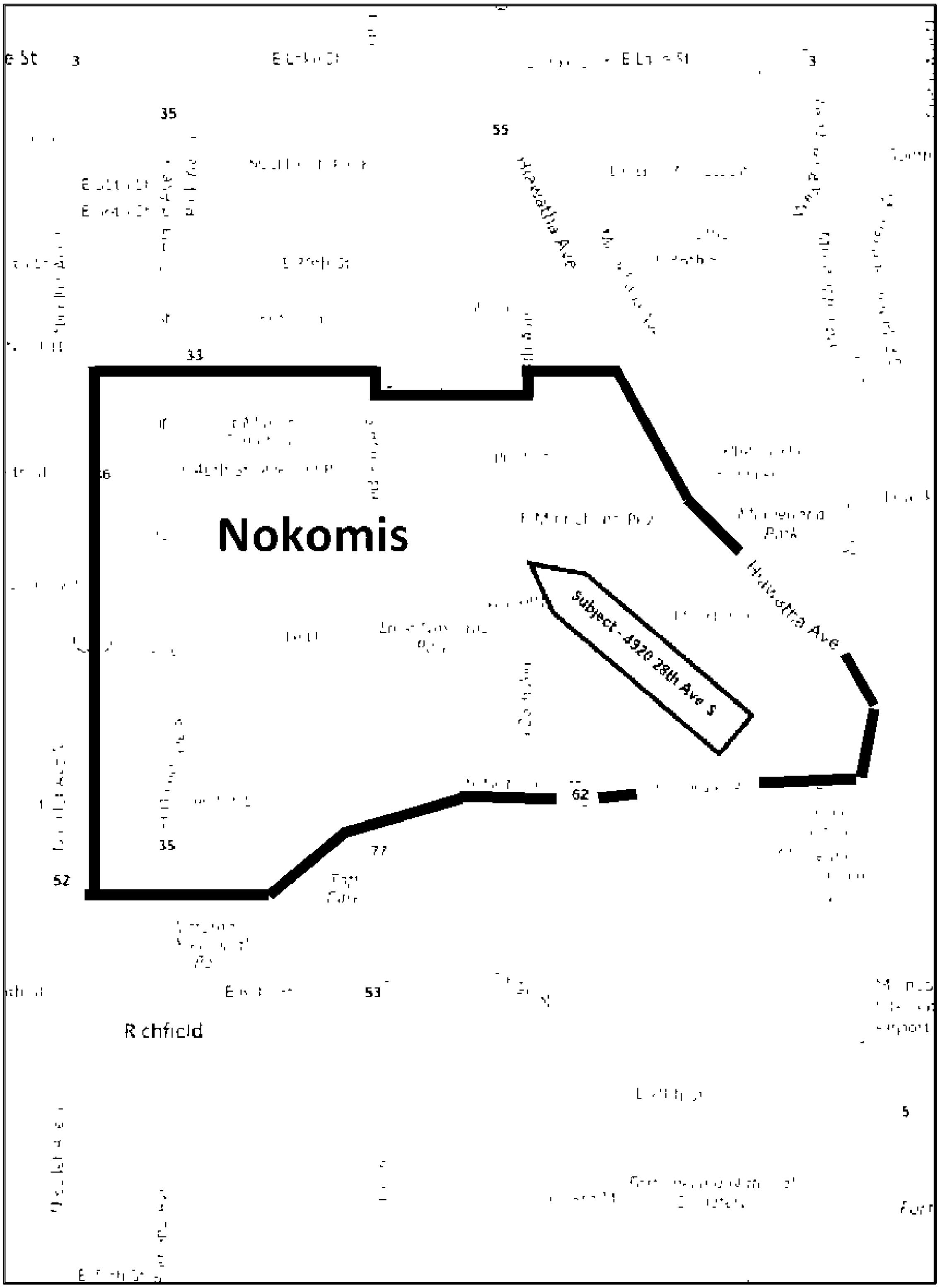
The Twin Cities is the center of the Upper Midwest's transportation network and includes barges, trucking, rail and air transportation. Due to its strategic location at the head of the Mississippi River, the Twin Cities are the home of six barge lines and are served by over 72 barge carriers. The Twin Cities comprise the nation's seventh largest trucking distribution center, with over 100 first class carriers. Additionally, there are seven trunk line railroads with over 5,400 miles of rail trackage. Seventeen national/international, and eight local/regional air carriers serve the Twin Cities with nearly 12 million passengers passing through the airport each year.

Minnesota has 127,500 miles of streets and highways, ranking it fifth in the nation in miles of roadways. The Twin Cities are crisscrossed by an interconnecting system of major interstate freeways, which are more than 95% complete. Numerous state and county highways also serve the area. Approximately 136,900 acres of land area set aside for parks, trails and wildlife management areas. There are 949 lakes in the seven-county metro area. When not working, area resident's sail, swim, fish and ski all within the metro area. There are 40 marinas, 53 camping areas, 105 public and private golf courses and six county parks (12,714 acres). The Twin Cities have two zoos, the older *Como Zoo* in St. Paul, and the newer *Zoological Gardens* in Apple Valley.

ECONOMIC FACTORS

Minnesota has developed excellent primary and secondary school systems, which rank among the nation's highest in percentage of graduating high school seniors. Minnesota has consistently been in the top ten states in percentage of people with college degrees. There are fifteen colleges and universities in the Twin Cities Metropolitan Area, including the *University of Minnesota.* About 39% of the Minnesota tax dollar is spent on education. The following tables show the strength of the economic factors in the TCMA both over time and compared to national averages.

Neighborhood Map



City of Minneapolis

The subject is located in the city of Minneapolis. The City is bounded by:

- Edina, St. Louis Park, Golden Valley and Robbinsdale on the west
- Brooklyn Center, Fridley, Columbia Heights and St. Anthony on the north
- Richfield and the Airport on the south
- St. Paul and Lauderdale on the east.

The city is conveniently located with the major freeways of Interstate 94 (running east-west) and Interstate 35W (running north-south) providing access to the Central Business District as well as to the rest of the Twin Cities area.

Population

The 1995 estimated population for the City of Minneapolis was 365,889 with 179,553 housing units. The population projection for the year 2020 is 425,047 with a stable number of housing units. The population of Minneapolis has declined considerably since its peak of more than 550,000 in the mid - 1950's. This has been due largely to a decline in family size and the movement of families to the suburbs. The following table represents the current population and population trends for the City, County and metropolitan area.

[redacted]

Year	City	County	MSA
1960 (Census)	482,878	842,854	1,535,297
[redacted]			
1980 (Census)	370,951	941,111	1,985,873
[redacted]			
1995 (Estimate)	365,889	1,063,631	2,448,967
[redacted]			
2010 (Census)	382,578	1,152,425	2,850,000
[redacted]			

Local Government

Minneapolis is the county seat of Hennepin County, which is the most populous county in the state. Seven County Commissioners, elected officials who represent geographic districts, govern the county. Minnesota government allows for a wide range of services to be provided at the county level. Minneapolis has a council/mayor form of government. The thirteen council members are elected from geographically defined wards. The city council is the dominant branch, responsible for many areas of government that in other cities would fall to the mayor's office.

Economy

Minneapolis is the center of the Twin Cities Metropolitan area, which in turn is the largest trade center between Chicago and Seattle with a trade area stretching from Montana to western Wisconsin and from northern Iowa to the Canadian border. Minneapolis has a reputation as a corporate headquarters city, as well as a cultural and retail center. The city's downtown, which houses many of the corporate headquarters, has undergone constant change in the last decade. Also integral to the local economy are high-technology industries. With the University of Minnesota and other colleges and technical schools providing applied research and well-trained scientists and engineers, one of the largest concentrations of high-technology firms in the nation - more than 1,300 - developed in metropolitan Minneapolis-Saint Paul. Minneapolis, with a solid business, commerce and industrial base has consistently shown unemployment rates below the national average.

Miscellaneous

Minneapolis has more than 150 parks covering 6,000 acres with 18 lakes within the city limits. There is one acre of park for every 76 Minneapolis residents featuring nature centers, camping, boating, hiking, bicycling and ski touring.

MLS Data

An analysis of the residential real estate market, taken from the Multiple Listing Service appears as follows. Most of the available data was for 2-3 unit apartment buildings:

Property Type	# Active/Pending Listings	Avg Asking Price (MF Price/Unit)	Average Days On Market
SF/Condo/Townhouse Multi-Family (2+ units)	42 2	$262,426 $354,500/unit	83 47

Property Type	# Sold	% of Listing Price Received	Avg Sold Price (MF Price/Unit)	Average Days Market Time
SF/Condo/Townhouse Multi-Family (2+ units)	410 19	100.6% 100.9%	$266,013 $149,660/unit	31 38

SUMMARY OF NEIGHBORHOOD CHARACTERISTICS

Neighborhood Type: Land uses immediately surrounding the subject are commercial to the north and residential to the south. There are various neighborhood-commercial and residential uses along 28th Avenue; more intense commercial use is located east of the subject near and along Hiawatha Avenue (about 1 mile east).

Percent Established: 100% +/-

Development Stage: Stable

Stage of Development Descriptions:

Growth:	A period during which the neighborhood gains public favor and acceptance.
Stability:	A period of equilibrium without market gains or losses.
Decline:	A period of diminishing demand.
Revitalization:	A period of renewal, modernization and increasing demand.

Predominate Type: Residential (pockets of neighborhood commercial dispersed throughout the area; larger commercial activity along Lake Street (about 2.5 miles north of the subject)

Conformity: Average

Reputation of the Area: Average

Stability of Values, Trend: Appears to be stable with a contrast of physical depreciation and investment

Accessibility: Good

Support Facilities: Good

General Appearance/Appeal: Average/Average

COMMENTS:

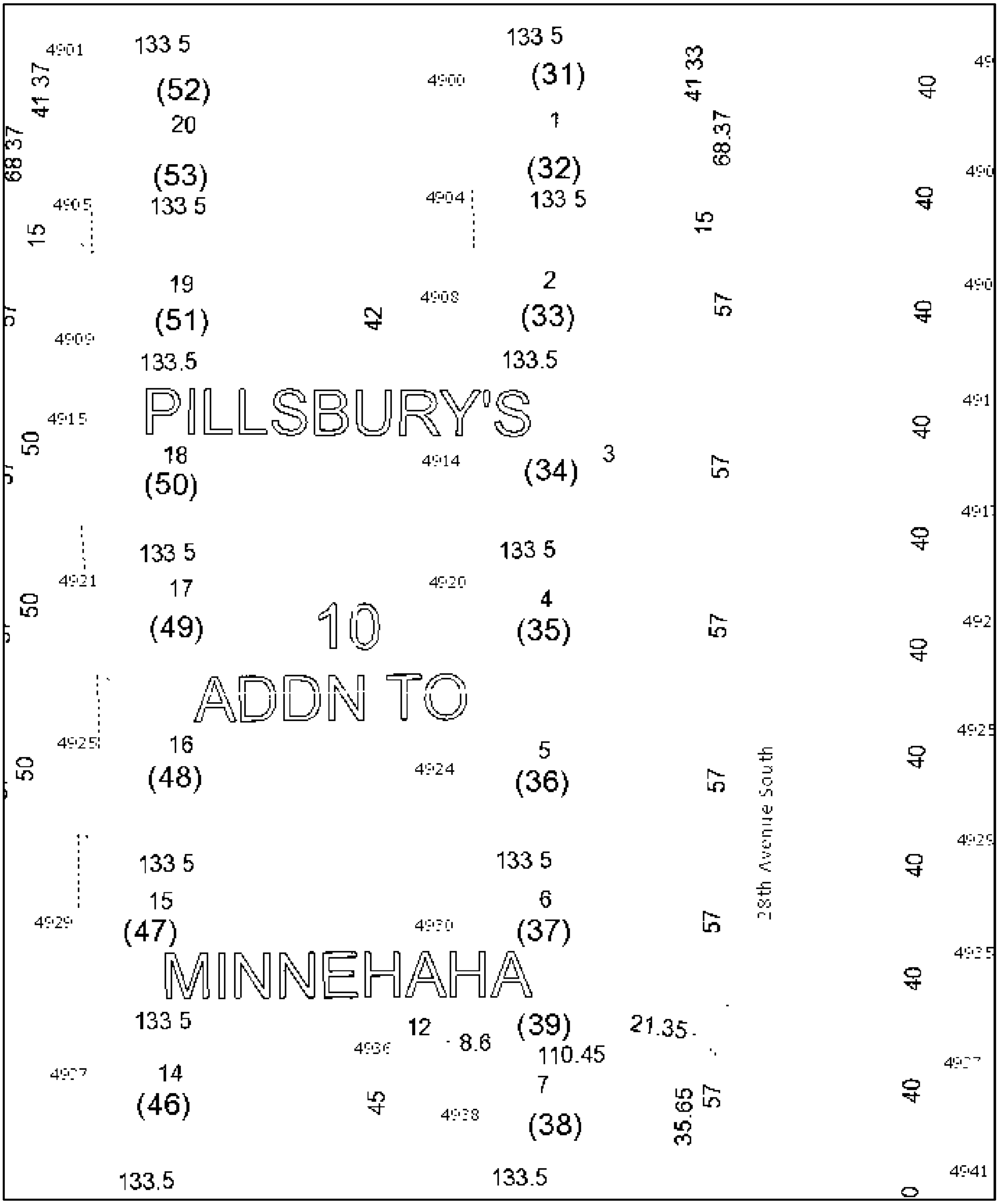
The neighborhood appears stable with some signs of revitalization in the immediate area. The entire neighborhood is serviced with public utilities. This includes water, sewer, natural gas, electric, and storm sewer. There is minimal land available for development and generally is available via razing of existing improvements located on various parcels that may come to marketplace. There is good access to the subject property.

Currently, the area's multi-family residential use development in the area is scattered throughout the city and also competes with other suburban communities in and near the Minneapolis/St. Paul metro area.

Today, residential continues as the dominant form of land use in the subject area with various neighborhood-commercial uses also scattered throughout the area as well as the city.

In the Appraiser's opinion, there are no adverse influences affecting the subject property due to its location. The mixed-use nature of the immediate area (i.e. commercial, low to high- density residential) is not considered to be adverse.

Plat Map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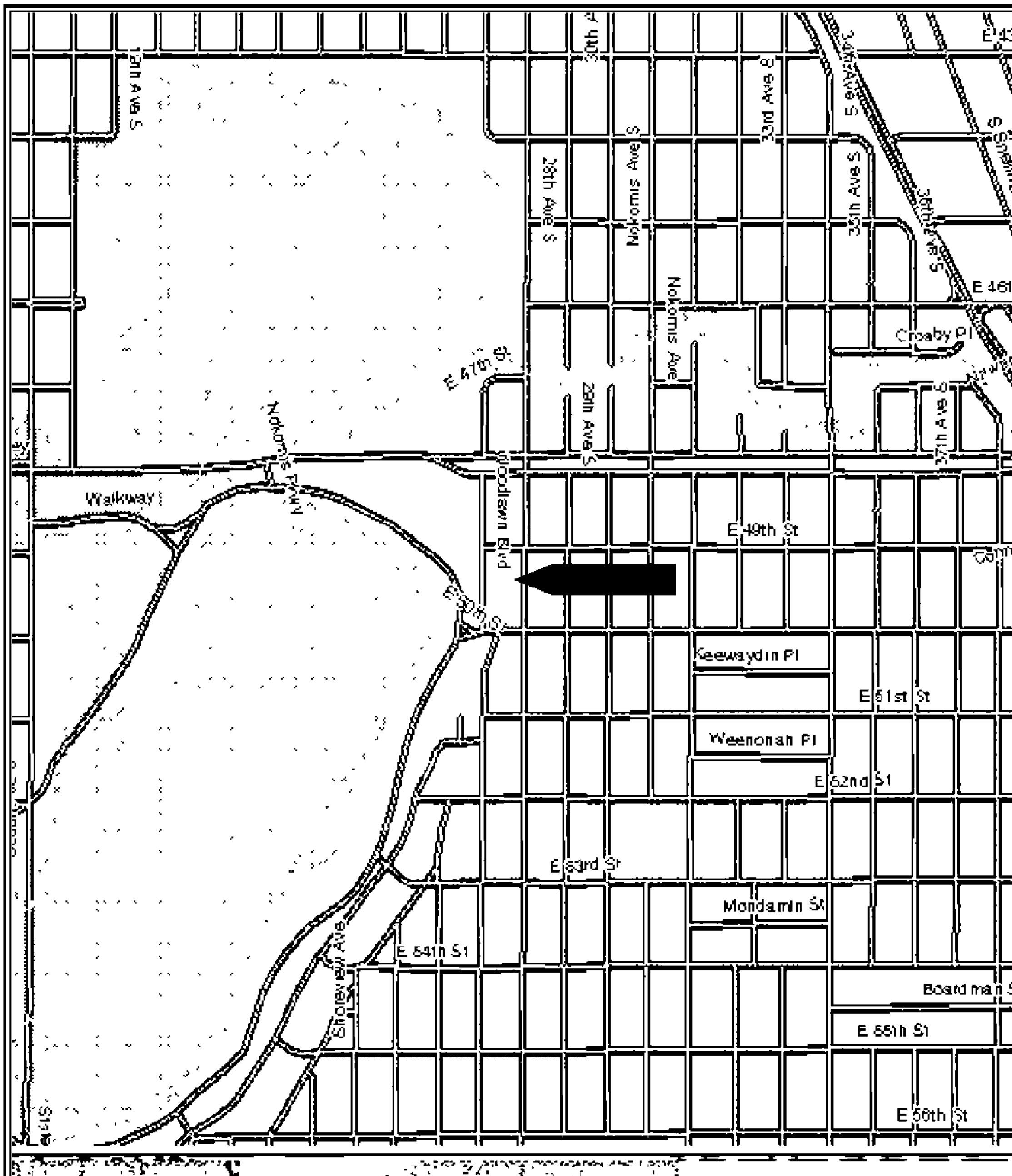
Flood Map



Flood Zones

- Areas inundated by 500-year flooding
- Areas outside of the 100 and 500 year flood plains
- Areas inundated by 100-year flooding
- Areas inundated by 100-year flooding with velocity hazard
- Floodway areas
- Floodway areas with velocity hazard
- Areas of undetermined but possible flood hazard
- Areas not mapped on any published FIRM

SFHA (Flood Zone): **Out**
Within 250 ft. of multiple flood zones? **No**
Community: **270172**
Community Name: **MINNEAPOLIS, CITY OF**
Zone: **X** Panel: **270172 0386F** Panel Date: **11/04/2016**
FIPS Code: **27053** Census Tract: **0118.00**

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[redacted]

Dimensions:	Interior Site – 57' x 133.5' (7,621 sf per County)
Topography:	Generally level with street grade.
Soil Conditions:	Assumed stable
Street:	Bituminous
Census Tract:	0118.00
Utilities:	Public
Zoning:	R2B (Medium-Density Residential District)
Flood Zone:	Zone X; 2701720386E; Printed 11/4/2016
Access to Site:	From 28th Avenue
On-Site Parking:	There are 5 one-car garage stalls and 2 bituminous parking spaces associated with the property in the rear. Parking is considered typical for the area.
Surrounding Land:	Primarily zoned for residential.
Improvements:	Stucco with brick/stone facade on the front; wood construction built in 1930; 2-story building with full garden-level basement.

Comments: The Appraiser has not reviewed subsoil data on the subject site nor are we aware of any environmental studies or concerns. The Appraiser has not been made aware of any easements or encroachments, which would adversely affect value. Should any easements or encroachments be discovered subsequent to the date of this appraisal, which would hinder the marketability, this report would be subject to review and reanalysis.

The Appraiser is not qualified to determine the extent of any environmental problems on site without specialized technical services. Neither are we able to provide accurate data on the underlying soils without a soil report from a qualified engineering firm. Soils are assumed to be sound and capable of supporting the improvements as constructed. Should adverse soil conditions be discovered subsequent to the date of this appraisal, the report would be subject to review and reanalysis.

Conclusion: The subject parcel contains a total of 7,621 square feet. The site is generally level with street grade. There is a concrete sidewalk along the 28th. The subject has public street lighting.

The subject faces 28th Avenue. 28th Avenue contains one lane traveling north/south in each direction and has a moderate traffic volume of about 6,000 vehicles per day. Off-street parking to the subject property is accessed from asphalt driveway on 28th Avenue; there is no alley behind the subject property. On-street parking is available along both sides of 28th Avenue. The property has good accessibility and average exterior appeal.

Typical utility easements are assumed. The Appraiser is assuming there are no adverse easements or encroachments affecting the subject property.

[redacted]

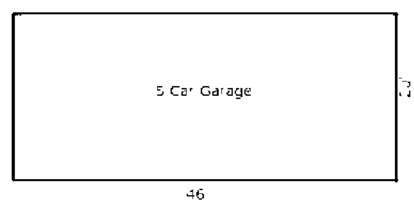
GENERAL DESCRIPTION OF THE SUBJECT

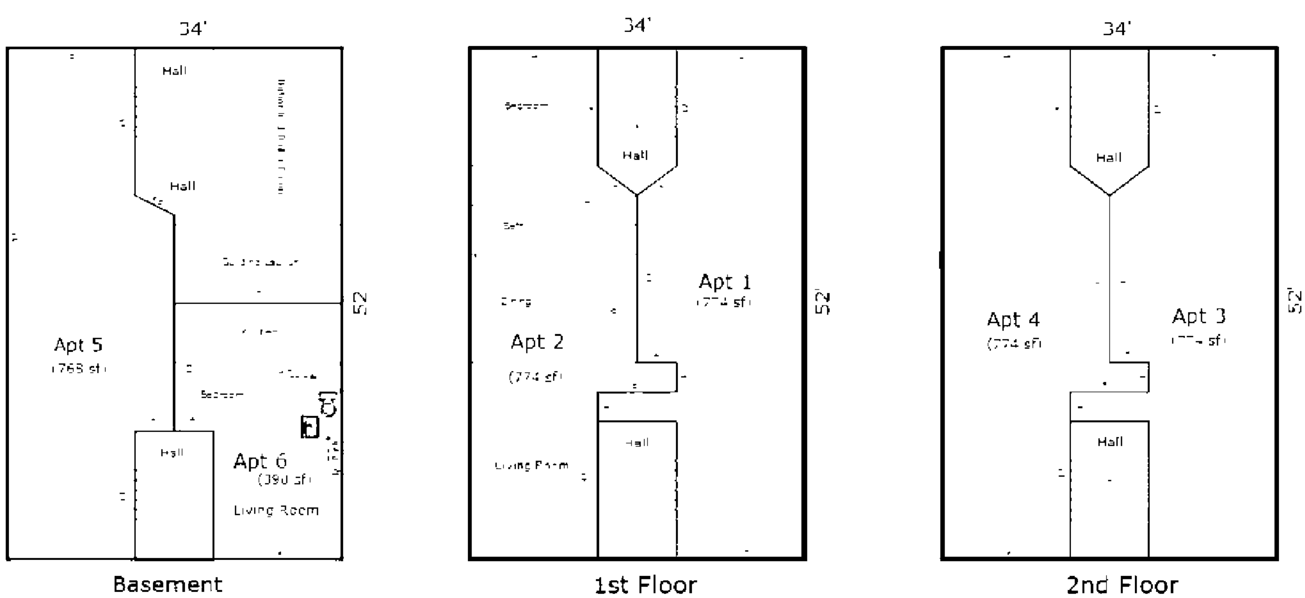
Garden Level	1,768 sf
Main 1st Level	1,768 sf
Upper 2nd Level	1,768 sf

Bsmt Efficiency (#6)	$650	1	390 sf	390 sf
Bsmt 1-BR (#5)	$800	1	768 sf	768 sf
1st Floor 1-BR (#1 & #2)	$825 x 2	2	774 sf	1,548 sf
2nd Floor 1-BR (#3 & #4)	$850 x 2	2	774 sf	1,548 sf

The property has generally average+ curb appeal with minimal landscaping. Per owner representative, the building has a built-up rubber membrane roof. The exterior of the building is mostly brick veneer with wood and/or Masonite insets. Per owner representative, all of the units are currently occupied. There are 5 detached garage stalls and 1 to 2 parking spaces in the rear of the building. The subject apartment building contains a total GBA of 5,304 sf, including the unfinished basement, and front/rear stairways. The building was constructed around 1930. The building mechanical systems appear adequate.

Building Sketch/Floor plan





The improvements appear in slightly above-average condition for the area; the building reflects average construction quality; per management and inspection permits, there have been recent updates and repairs to the building.

Improvements

Effective Age:	40 years
Foundation:	Concrete Block
Superstructure:	Stucco 95%; Brick/Stone 5%
Exterior Windows:	Vinyl Double-Hung (*Has MAC sound insulation package – 5 years ago)
Elevator/Stairways:	No elevator / front and rear stairways
Floors:	Carpet; Vinyl; Ceramic Tile
Plumbing:	Copper visible; full baths in all larger units (3/4 bath in efficiency unit); bath pedestal sinks, ceramic tile floor and tub surrounds in all units viewed; and Two gas fired water heaters (one 40-gallon & one 50-gallon).
Heating/Cooling:	1 gas hot-water boiler; Wall AC units)
Sprinklered:	No
Surface Parking Lot:	Yes, approximately 1 to 2 spaces + 5-car detached garage

Americans with Disability Act

This act became effective January 26, 1992 and was passed to provide equal access to jobs and facilities for those with disabilities. Any modification or addition necessary for the subject improvements to comply would directly impact the real estate value. Due to inherent complexities of the ADA, the appraiser is not qualified to understand and identify all potential problems. Thus, any issue regarding ADA compliance is OUTSIDE the scope of this report. Moreover, we recommend that a qualified professional or firm assess the subject for ADA compliance.

Summary of Building Inspection & Conclusion

The building is assumed to be structurally sound, and reported to be in mechanically average+ condition. The building is at market standards in terms of quality within this category. In general, the building reflects an average quality of construction and is in overall slightly above-average condition. The appraiser viewed 3 of the 6 units; the efficiency and two of the 1-BR units (#2 and #3). The viewed units have been updated. Per owner - new windows & appliances in 1999; new hall carpet in 2001; new exterior doors in 2001; new roof in 2003; new boiler in 2004; newer carpet in all apartments; updated kitchen cabinets and flooring. *The MAC's Sound Insulation Program and Noise Mitigation Program efforts began in 1992 and have continued through the years to reduce aircraft noise impacts associated with Minneapolis-St. Paul International Airport (MSP) by providing noise reducing modifications to homes, apartment buildings and schools (includes new windows, doors, wall AC units). In general, the functional utility of the building for multi-family residential usage is good.

Based on the Appraiser's inspection on November 7, 2016 the subject improvements are marketable "AS IS" and judged to be in slightly above-average condition relative to market standards for properties in this category.

[redacted]

PART III - ANALYSIS OF DATA AND OPINIONS OF THE APPRAISER

[redacted]

Marketing Time: Less than twelve months

A reasonable marketing period is considered the time from the date the property is listed to the date a contract for purchase and sale is executed.

Implicit in this definition are the following characteristics:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by buyers and sellers of similar type properties.
- The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
- A sale will consummate under terms and conditions of the definition of market value required by the regulation.

In regard to the subject property, **a marketing period of 2 to 4 months has been projected**. This projection is based on historical data relating to competing market sales, the Appraiser's experience in the area and conversations with other local real estate brokers. **The exposure time is estimated at 1 to 6 months.**

AREA APARTMENT BUILDING MARKETING TIMES

1	5701 Lyndale Ave S (4-units) Minneapolis, MN 55419	2/2/2015	8/24/2015	6 Months
2	2600 Dupont Ave S (6-units) Minneapolis, MN 55408	4/1/2016	4/2/2016	3 Days
3	2718 18th Ave S (6-units) Minneapolis, MN 55407	3/2/2016	3/31/2016	49 Days
4	4801 Bloomington Ave (4-units) Minneapolis, MN 55407	5/19/2016	7/6/2016	48 Days
5	3149 Aldrich Ave S (5-units) Minneapolis, MN 55408	7/19/2016	7/28/2016	7 Days
6	5738 33rd Ave S (4-units) Minneapolis, MN 55417	7/15/2015	7/15/2015	1 Day
7	4339 Cedar Ave S (4-units) Minneapolis, MN 55407	6/16/2015	7/30/2015	44 Days
8	5838 Nicollet Ave (5-units) Minneapolis, MN 55419	3/1/2016	4/13/2016	163 Days
9	5701 Lyndale Ave S (4-units) Minneapolis, MN 55419	2/26/2015	8/24/2015	173 Days

[redacted]

The following definition of Highest and Best Use is taken from the Appraisal of Real Estate, 12th Edition, Appraisal Institute.

> That reasonable and probable use that will support the highest present value, as defined as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.
>
> The definition applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

The four tests of Highest and Best Use are those outlined above, i.e. physically possible, legally permissible, financially feasible, and maximally productive.

Highest and Best Use for the subject 6-unit apartment building is examined on an As Vacant and As Improved basis.

The following tests must be met in estimating the Highest and Best Use of a vacant parcel: there must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time. These tests have been applied to the subject site and are discussed as follows.

I) AS VACANT

PHYSICALLY POSSIBLE

One of the first constraints imposed on the possible use of a site, as if vacant, is dictated by its physical characteristics. Size, shape, area and terrain affect the uses for which a site may be developed. Utility of a parcel may depend on its frontage and depth. Consideration must also be made of its potential use rather than its actual use. The maximum use of the land must be determined.

Application of the physically possible tests reveals the subject consists of one parcel containing a total of 7,621 sf. The subject site is rectangular in shape and the terrain is level but set slightly above street grade.

The other buildings in the neighborhood do not exhibit any signs of structural problems due to poor subsoil conditions.

LEGALLY PERMISSIBLE

Legally permissible considers the uses, which are permitted by public and private restrictions on the site. The effect of zoning and the uses allowed by current zoning or the reasonable probability that a change in zoning could or would be effective within a reasonably probable period of time must also be considered.

The subject has an R2B – Residence District (Low Density) zoning classification. The classification provides for several different residential and possibly some neighborhood commercial uses. The subject property's current multi-family residential use is a Legal, Conforming Use.

FINANCIALLY FEASIBLE

In determining which uses are legally permissible and physically possible, an appraiser eliminates some uses from consideration. Then the uses that meet the first two criteria are analyzed further to determine which are likely to produce income or return equal to or greater than the amount need to satisfy operating expenses, financial obligations and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible. Analyses of supply and demand and location are needed to identify those uses that are financially feasible as well as the use that is maximally productive.

Multi-family residential use would be viable for the subject based on the existing zoning and parcel size.

MAXIMALLY PRODUCTIVE

Maximum profitability is obtained from that use among those financially feasible which provides the highest present worth to the property. A correlation of the three previous tests for the sites, as if vacant, indicate that multi-family residential development consistent with the current zoning would be the highest and best use for the subject sites.

CONCLUSION

Based on the analysis of the legally permitted, physically possible, and financially feasible uses of the property, the most profitable and highest and best use of the appraised land, assuming it to be vacant and available for development, would be for multi-family residential or mixed-use commercial development consistent with the existing zoning.

II) AS IMPROVED

The highest and best use of the property as improved must be the use that maximizes an investment property's return on a long-term basis. The subject is located in an established neighborhood and is improved with a 6-unit apartment building. The subject is located about 4.5 miles SSW of the Minneapolis central business district.

The subject building was constructed in 1930. The building is currently in overall slightly above-average condition relative to the other area properties.

In terms of **legally permissible**, the subject as improved reportedly is a legal and conforming use.

In terms of **financially feasible and maximally productive**, alternative uses were considered for the subject property. All would involve multi-family residential development on the site.

CONCLUSION

Highest and Best Uses, as if Vacant *- Based on the analysis of the legally permitted, physically possible, and financially feasible uses of the property, the most profitable and highest and best use of the appraised land, assuming it to be vacant and available for development would be* ***multi-family residential usage.***

Highest and Best Use, as Improved *- The subject property as improved with a 6-unit apartment building is considered to be its' Highest & Best use. The subject is marketable in its' current "as is" condition.*

Types of Appraisal Reports Offered

I. Self-Contained Appraisal Reports: These reports may be either a Limited Appraisal (no departure) or a Limited appraisal (with departure). These contain to the fullest extent possible, the practical explanations of the data, and reasoning and analyses that were used to develop the opinion of value. Self-contained reports also include thorough descriptions of the subject property, the property's locale, the market for the property type and the appraiser's opinion of the highest and best use.

II. Summary Appraisal Reports: These may be either a Limited Appraisal (no departure) or a Limited Appraisal (with departure). These contain summary discussions of the data, reasoning and analyses that were used to develop the opinion of value. Summary reports also include summary descriptions of the subject property, the property's locale, the market for the property type and the appraiser's opinion of the highest and best use. Any data, reasoning and analyses not discussed in the Summary appraisal Report are retained in the appraiser's work file.

III. Restricted Appraisal Report: These may be either a Limited Appraisal (no departure) or a Limited Appraisal (with departure). Restricted reports contain statements of the appraiser's findings with virtually no explanation of the data, reasoning and analyses that were used to develop the opinion of value. All of the data, reasoning and analyses in support of the appraiser’s findings are retained in the appraiser's work files.

Conclusion

In regard to the subject, a summary appraisal report format is being provided.

[redacted]

(Appraisal Standard #2-2)

The valuation of a typical parcel of real estate is derived principally through three basic approaches to value: The Replacement Cost Approach, the Sales Comparison Approach, and the Income Approach. From the indication of these analyses and the weight accorded each, an opinion of value is reached based upon expert judgment within the outline of the appraisal process. More specifically, the approaches are described as follows:

Replacement Cost Approach

This approach requires that a current estimate of the cost of replacing the improvements be made, from which must be deducted accrued depreciation in terms of physical deterioration, functional obsolescence, and economic obsolescence, if any and to which the estimated value of the land, as if vacant is added.

Sales Comparison Approach

The Sales Comparison Approach is based upon the principle of substitution, that is, when a property is placed on the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. Because no two properties are ever truly identical, adjustments to the comparable are necessary for differences in location, quality, condition, size, market appeal, and other matters. These considerations are a function of the appraiser's experience and judgment.

Income Approach

The Income Approach involves an analysis of the property in terms of its ability to provide a net annual income in dollars over a given economic life. The estimated net annual income is then capitalized at a rate commensurate with the relative certainty of its continuance and the risk involved in ownership of the property, by utilization of the formula: Net Income, divided by Capitalization Rate, equals value.

The Sales Comparison and Income Approaches to value were analyzed in this report. The Cost Approach was considered but not applied due to the older age of the subject; this approach is more applicable to newer properties. The Appraiser has determined that the appraisal's scope of work is not so limited that the results of the assignment are no longer credible.

[redacted]

A number of sold apartment buildings in the subject area have been checked and related to the subject as to location, condition, size, age, income-producing capability, financing and other matters influencing market value. Per management representative, the subject was fully rented at the time of inspection. A sampling of supportive market data is included in this report. Market data in the subject's immediate area was considered somewhat scarce so the search for comparable properties needed to be expanded to other nearby competing areas of Minneapolis.

The subject was built in 1930 and consists of a 2-story apartment building with a garden–level basement, 5-car detached garage and 1 to 2 off-street parking spaces. There are 6 apartment units total - the full-basement has one efficiency apartment (390sf), one 1-BR apartment (768sf), a separate laundry and mechanical room; there are four 1-BR units (774sf) above grade. **The units of comparison selected for analyzing the comparable properties were price per-square-foot, price per-unit, and a Gross Rent Multiplier analysis.**

Several market sales were considered and adjusted in this analysis. The following describes the process involved:

<u>Adjustment Analysis</u>
Ideally, properties selected for Direct Comparison should be similar enough that few adjustments would be required. In reality, however, few such ideal markets exist, and the adjustment process is highly critical to the valuation of the property.

All adjustments are based on market trends, characteristics or demands. In appraisal texts, adjustments are isolated and supported by actual direct comparison of properties which are similar but which have, as their main differences, the attribute that is being measured as the adjustment. In actual practice, this is frequently not possible or practical due to the lack of such ideal situations in the marketplace, or due to the large number of additional variables that are also found in the properties being analyzed. In the analysis of the appraised property, the noted adjustments are based on one or a combination of the following:

1. Statistical methods such as Linear or Multiple Regression;
2. Observation and experience of the Appraiser/Analyst;
3. Data derived from buyers and sellers relating to the type of property under consideration; and,
4. Observations of other market participants such as brokers and management agents.

The Appraiser has analyzed the property rights conveyed, financing, conditions of the sale, market conditions at the time of the sale, location, and physical characteristics including size, age, condition/quality and utility and the land to building ratio among other items.

- *<u>Real property rights conveyed</u>* - The real property rights conveyed is the first adjustment because the appraisal of the subject property rights can only be compared to similar property rights. If no information can be obtained to extract an adjustment of, for example, a fee simple interest to a leased fee interest (or leased fee to fee simple), then the sale should not be used. In practice, a sale of a fee simple interest is typically not compared to a leased fee or leasehold estate. Typically, comparability required omitting sales of different property interests. It can be seen that this is a major reason why this is the first consideration. A sale of a leased fee estate may be used (if appraising fee simple) if the appraiser is convinced that the rental structure is at market, or if there is a short time left on existing leases and the effect of the leases can be adjusted. Also, it may be used if substantial information is available to adjust for the value of the leased- fee to fee-simple (i.e. projecting the value of the leasehold estate). **All property rights were "Fee Simple".**

- *Financing* - A financing adjustment is actually a specific motivation adjustment and often is not capable of being accurately derived from a mathematical discounting process. The most reliable financing adjustment is from paired sales but such detailed data is generally not available from sales information. In practice, the parties in a transaction should be consulted concerning the effects of financing and this should be compared to a mathematically derived indication by discounting the payments specified by the transaction at the market rate of interest. The most commonly used market value definition requires appraising to "cash, with typical institutional financing or other stated terms". Furthermore, if the subject is assumed to have other than typical institutional terms, the terms and the effects of the financing on the appraised value should be set forth in the report. **The sale price of all comparables is either cash or market rate financing thus no adjustment is necessary.**

- *Conditions of sale* (motivation) - Similar to property rights conveyed, a motivation other than that assumed in the value definition may require discarding a sale from consideration. For example, if a sale were affected by undue duress, then no appropriate adjustment could probably be derived. If the sales used in the sales comparison approach reflect atypical motivations or sale conditions due to tax considerations, sale at a legal auction, lack of exposure on the open market, or eminent domain proceeding, an appropriate adjustment must be made. **No other apparent unusual circumstances involved the market sales.**

- *Market conditions* (time) - A time adjustment is a market conditions adjustment because of changes in the marketplace, not the passage of time, that cause prices to change. Time adjustments may be straight-line (non-compounded) or compound (curvilinear). Neither method is more appropriate than the other as long as market changes are accurately adjusted, and as long as the procedure used is consistent with the method used when a time adjustment was abstracted and with the manner in which it was applied. Relative to properties similar to the subject, overall area appreciation over the past year was judged to be generally increasing. Due to a lack of recent same-sale-resale data for 4-20 unit apartment buildings, 3 duplexes were found and used along with assessed values of near-by apartment building properties within a 3 mile radius of the subject were relied on as shown below.

  Appreciation is estimated at 22% for 2013 thru 2015 for comparable sales (+0.92% per month or +11% per year).

[redacted]				
5921 Chicago Ave, Mpls 55417	2	$215,000 - 5/23/2013	$409,300 - 04/28/2016	+2 5% / 30 1%
[redacted]				

[redacted]					
4340 Cedar Ave S, Mpls 55417	11	$545,000	$545,000	$637,000	+16 9%
[redacted]					
3350 42nd Ave S, Mpls 55406	5	$538,000	$583,500	$698,000	+29 7%
[redacted]					

- *Location* – Location is based on contributing factors of value associated with surrounding area real estate values, land intensity, local speculation, market activity, etc. If appropriate, the comparables are adjusted for any location demand differences.

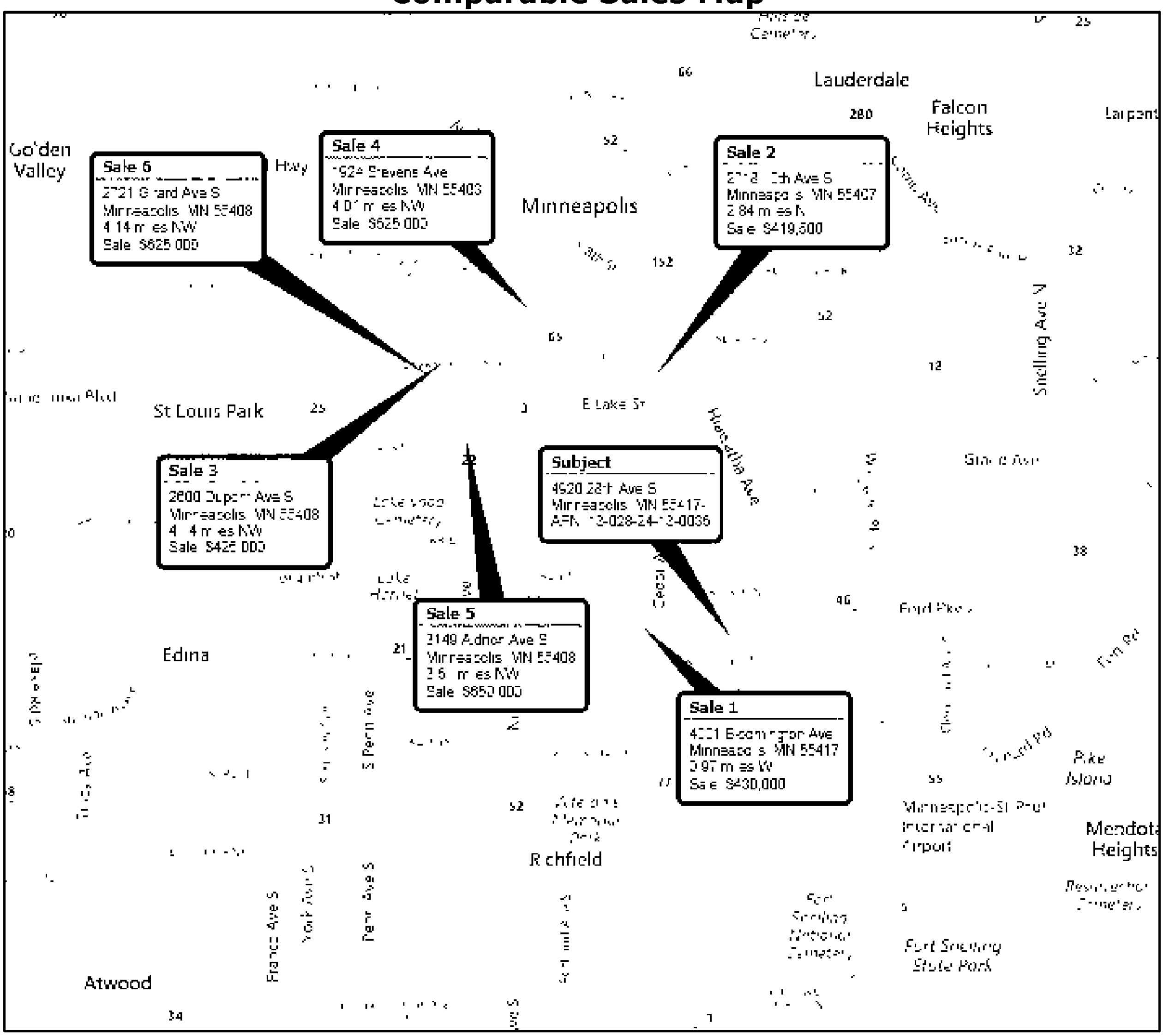
- *Age & Condition* – The condition of a property can affect its marketability in an area. Age alone may not be an indication; however, buildings do wear out even with good maintenance or become obsolete and therefore less marketable, or their location in relation to community growth may cause economic obsolescence. If appropriate, the comparables are adjusted for age and/or condition differences.

- *Construction Quality* – Quality is based on the variations of the major elements of the construction such as framing, walls, floors, roof structures, and fireproofing. Buildings in general may have variations or combinations of elements that make up their overall quality. The entire building is observed. If the materials and workmanship follow similar levels, the quality is considered similar. One or two components of different quality are normal and should be largely disregarded as influencing a quality adjustment. The comparables selected are considered similar to the subject in quality of construction.

- *Functional Utility* – Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes that affect the property item itself or its relation with other items comprising a larger property; also, it considers the inability of a structure to perform adequately the function for which it is currently employed. The comparables selected are considered similar to the subject in functional utility.

- *Other* - (e.g. income characteristics) – This adjustment category is a catchall for relevant adjustments that cannot be categorized in the previous adjustments. In this case "Other" is parking. All comparables had and off-street parking. Some adjustments were required for parking differences due to garages. Heating was all central hot-water type and no adjustments were required.

Comparable Sales Map



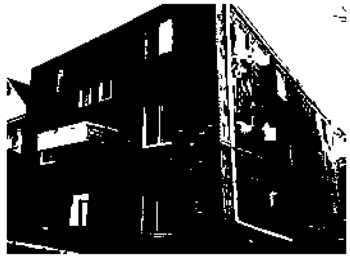
IMPROVED APARTMENT SALES SUMMA

	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4	SALE #5	SALE #6
Sales Date	N/A	Jul-16	Mar-16	Apr-16	May-16	Sep-16	Aug-16
Unit Breakdown	1 Eff, 5 -1BR	3 -1BR, 1 -2BR	2 -1BR, 4 -2BR	2 Eff, 2 -1BR, 2 -2BR	7 Eff, 2 -1BR	1 -2BR, 4 -3BR	1 -1BR, 4 -2BR
Number of Units	6	4	6	6	9	5	5
Sale Price / SF	**N/A**	**148.28**	**91.20**	**126.97**	**124.61**	**154.17**	**133.78**
Sale Price / Unit	**N/A**	**107,500**	**69,917**	**71,000**	**58,333**	**130,000**	**125,000**
Personal Prop	Refrigs, Range/Ovens	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)
Property Rights	Fee Simple	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)
Financing	Market	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)
Condition of Sale	Market	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)
Market Conditions	Estimate 4%/yr	Inferi 4 mo (+3 67%)	Infer 8 mo (+7 33%)	Infer 7 mo (+6 42%)	Infer 6 mo (+5 55%)	Infer 2 mo (+1 83%)	Infer 3 mo (+2 75%)
[redacted]	[redacted]	**+1.35**	**+5.44**	**+6.68**	**+8.15**	**+6.92**	**+2.82**
Adj Sale Price	**N/A**	**445,776**	**450,228**	**453,343**	**554,154**	**661,889**	**642,193**
		0 00	0 00	0 00	0 00	0 00	0 00
		-7 69	0 00	0 00	0 00	0 00	0 00
		+7 69	+9 79	0 00	+13 15	-23 55	-13 75
		-15 37	0 00	+6 76	+13 15	0 00	0 00
		0 00	0 00	0 00	0 00	0 00	0 00
		0 00	0 00	0 00	0 00	0 00	0 00
		+7 69	+9 79	+27 02	+13 15	+15 70	+13 75
		0 00	0 00	0 00	0 00	0 00	0 00
Net Adjustments/SF		**-5.00%**	**+20.00%**	**+25.00%**	**+30.00%**	**-5.00%**	**0.00%**
Indicated Value/SF		**146.04**	**117.46**	**168.90**	**170.98**	**149.14**	**137.46**
Indicated Value/Unit		**105,876**	**90,049**	**94,446**	**80,040**	**125,759**	**128,439**

Reconciliation of the Sales Comparison Approach

The following presents a statistical analysis.

Comp #1 - 4801 Bloomington Ave



Comp #2 - 2718 18th Ave S

Comp #3 - 2600 Dupont Ave S

Comp #4 - 1924 Stevens Ave

Comp #5 - 3149 Aldrich Ave S

Comp #6 - 2721 Girard Ave S

Subject Size	**5,304 sf GBA**	**Subject Units**	**6**
Range	\$91.20 - \$154.17	Range	\$80,040 - \$128,439
Mean	\$125.50	Mean	\$90,850
Standard Deviation	\$22.74	Standard Deviation	\$33,869
Range	\$117.46 - \$170.98	Range	\$80,040 - \$128,439
Mean	\$126.15	Mean	\$103,746
Standard Deviation	\$22.74	Standard Deviation	\$21,968
Most Recent Sales	5,6	Closest in Proximity	1
Most Similar in Size & Unit Count	2,3,4	Lowest Overall Adjustments	1,5
		\$148/rentable sf / \$107,031/unit	

Application to the Subject 6 Apartment Units

The subject property has 5,304 square feet of gross building area (4,254 sf net rentable;). Three of the comparables had garages. Three of the comparables had 2-BR units but only one had an efficiency unit. The adjustment range was similar on a price/unit and price/sf basis. While size of similar unit types varies, rents for efficiency units tend to fluctuate more based on square footage. Given the subject's unit count of mostly 1-BR units, and the comparables mostly 1-BR units, equal weight was given to price/sf and price/unit. As applied to the subject yields:

4,254	net rental sf	@	\$148/sf	=	\$630,209
	6 units	@	\$107,031/unit	=	\$642,186

Gross Rent Multiplier Analysis (GRM)

The GRM is closely related to market action. Its principal advantage is that the reflection on income is direct. Therefore, differences in age, condition, location, and physical characteristics do not require adjustment as these factors have been resolved by the free action of the rental market. The primary weakness of this method is its disregard for vacancy and collection losses and the importance of expense performance.

[redacted]			
2718 18th Ave S, Mpls 55407 (6 units - 3/2016)	$419,500	$61,080	6.86
2600 Dupont Ave S, Mpls 55408 (6 units - 4/2016)	$426,000	$51,350	8.30
338 18th Ave NE, Mpls 55418 (8 units – 2/2016)	$507,625	$112,572	4.51
3149 Aldrich Ave S, Mpls 55408 (5 units – 2/2016)	$650,000	$80,820	8.04
1920 Emerson Ave S, Mpls 55403 (6 units – 10/2016)	$670,000	$67,080	9.99
3840 Grand Ave S, Mpls 55409 (5 units – 11/2016)	$631,000	$64,620	9.76

Data was available to support placing some weight on the GRM method. Given the subject's overall above-average condition and location, the mid-to-upper range of the GRM range was judged most appropriate as relates to the subject. Based on the above area sales and rental data, and considering the location of these sales relative to the subject, an annual **GRM of 9** was estimated as relates to the subject. The subject's Potential Gross Income (PGI) will be estimated using all the buildings in the complex and differences for interior deferred maintenance and vacancy will be addressed on the following pages.

Based on the estimated PGI from page 51 and applying the GRM yields:

[redacted]

Weighted Average:

Value (per-square-foot method @ 40%)	40%	x	$630,209	=	$ 252,084
Value (per-unit method @ 40%)	40%	x	$642,186	=	256,874
Value (GRM method @ 20%)	20%	x	$656,946	=	131,389

[redacted]

Estimated Value by the Sales Comparison Approach

$640,000 (rounded)

[redacted]

The Income Approach provides an estimate of value by capitalizing a net income based on economic (or market) rent and assuming expenses that are typical for similar types of property. To estimate the value of the fee simple interest, an economic rent is estimated based on the current apartment market conditions in the area of the subject. This net income is then discounted at a rate commensurate with the relative certainty of its continuance and the risk involved in ownership. This approach assumes that competent management is necessary to produce the income stream upon which present value is predicated. Net Operating Income is derived after deducting annual operating expenses from gross incomes and prior to debt service payment. The procedure of applying a specific rate to the anticipated future income stream in order to develop a present worth estimate is called discounting.

The subject is a 2-story apartment building with a garden-level basement, constructed in 1930. The garden-level basement has one efficiency unit (390sf) and one 1-BR apartment (768sf), a laundry room, and mechanical room; there are two 1-BR units on the 1st level above-grade (774sf each) and two 1-BR units on the 2nd level above-grade (774sf each). The basement storage, laundry and mechanical room are not finished by today's standards and are not included in the NRA. The subject building reflects average construction and the improvements are judged to be in overall slightly above-average condition.

This type of property it typically purchased as an investment. Therefore, the earning power of the property is an important element affecting its value. An investor who purchases this property is essentially trading his or her present dollars for an income stream of future dollars plus the return of their investment at some date in the future.

The Appraiser will also analyze and consider market rate data for income projections, economic rent and expenses relative to the subject market in estimating the market value of the subject property.

The income for the subject apartment building was supported by:

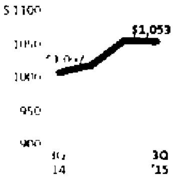
- Apartment rental comparables in the Minneapolis metro area; these rental comparables were reviewed based on the rental survey made by Marquette Advisors and other local sources of data.
- Consideration of the apartment rent comparables listed in the table on page 50.
- Local studies were used to analyze the demand for apartment use to support the conclusions for the test of financially feasible in the Highest and Best Use Analysis. A number of resources were used. Listed here are the average rents and vacancy rates for rental housing floor plans in the Twin Cities and surrounding areas. The information is provided by Marquette Advisors' 2015, 3rd quarter review (through September 2015) of rental properties containing 127,793 apartment units; and 2016 2nd quarter review (through June 2016)of rental properties containing 132,252 apartment units. This information tends to focus on larger apartment buildings in the metro area.

rent sampler (2015)

Here are the average rents and vacancy rates for rental housing floor plans in the Twin Cities and surrounding areas. The information is provided by Marquette Advisors' third quarter review of rental properties containing 127,793 apartment units. Information is through September.

Notes: Average rents do not include phone or electricity.

AVERAGE RENT
Quarterly Twin Cities metro area



VACANCY RATE
Quarterly Twin Cities metro area

Source: Apartment Trends, a publication of Marquette Advisors. Phone: 612-335-8888

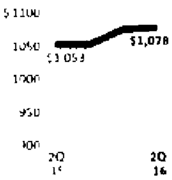
Figures for rental properties 3rd quarter of 2015		Studio	1 bedroom	1 bedroom and den	2 bedroom	2 bedroom and den	3 bedroom	3 bed + den, or 4 bed
TWIN CITIES AVERAGE		$[illegible]	$926	$1,[illegible]	$1,132	$1,742	$1,[illegible]	$1,824
MINNEAPOLIS	Avg. rent	$861	$1,109	$1,715	$1,611	$3,418	$1,505	–
	No. of units	[illegible]	[illegible]	546	4,924	183	[illegible]	–
	Vac. rate	3.4%	4.5%	[illegible]	5%	[illegible]	4%	
NORTH SUBURBS Includes: Anoka, Blaine, Champlin, Columbia Heights, Coon Rapids, Fridley, Mounds View, New Brighton, St. Anthony and Spring Lake Park	Avg. rent	$7[illegible]	$818	$922	$955	$1,277	$1,151	$1,292
	No. of units	4	[illegible]	98	[illegible]	7	739	4
	Vac. rate	[illegible]	[illegible]	1%	2.1%	0%	1.1%	0%
NORTHWEST WEST SOUTHWEST SUBURBS [illegible]	Avg. rent	$776	$905	$1,253	$1,147	$1,487	$1,450	$2,270
	No. of units	1,218	21,611	1,250	21,[illegible]	[illegible]	2,497	44
	Vac. rate	2.1%	2.8%	[illegible]	2.4%	[illegible]	2.2	0%
ST. PAUL	Avg. rent	$[illegible]	$[illegible]	$1,416	$1,[illegible]	$1,959	$1,415	–
	No. of units	[illegible]	[illegible]	[illegible]	[illegible]	18[illegible]	[illegible]	2
	Vac. rate	[illegible]	2.0%	4.1%	2.4%	1.6%	1.9%	0%
EAST SUBURBS Includes: Arden Hills, Cottage Grove, Lake Elmo, Inver Grove Heights, Lauderdale, Little Canada, Maplewood, Newport, North St. Paul, Oakdale, Roseville, Shoreview, Stillwater, Vadnais Heights, White Bear Lake and Woodbury	Avg. rent	$678	$828	$1,133	$1,028	$1,431	$1,361	$1,759
	No. of units	445	5,986	305	7,2[illegible]	123	994	[illegible]
	Vac. rate	1.3%	2.2%	1%	1.3%	0%	1.4%	0%
SOUTH OF MINNESOTA RIVER SUBURBS Includes: Apple Valley, Burnsville, Eagan, Farmington, [illegible] Heights, Lakeville, [illegible], Mendota Heights, Prior Lake, Rosemount, Savage, Shakopee, South St. Paul and West St. Paul	Avg. rent	$708	$855	$1,046	$1,035	$1,368	$1,294	$1,614
	No. of units	434	6,414	441	8,762	7[illegible]	1,493	[illegible]
	Vac. rate	1.6%	1.8%	0.7%	2.1%	1.0%	1.8%	0%

RENT SAMPLER (2016)

Here are the average rents and vacancy rates for rental housing floor plans in the Twin Cities and surrounding areas. The information is provided by Marquette Advisors' second quarter review of rental properties containing 132,252 apartment units. Information is through June.

Note: Average rents do not include phone or electricity.

AVERAGE RENT
Quarterly Twin Cities metro area



VACANCY RATE
Quarterly Twin Cities metro area

Source: Apartment Trends, a publication of Marquette Advisors. Phone: 612-335-8888

Figures for rental properties 2nd quarter of 2016		Studio	1 bedroom	1 bedroom and den	2 bedroom	2 bedroom and den	3 bedroom	3 bed + den or 4 bed
TWIN CITIES AVERAGE		$847	$948	$1,342	$1,155	$1,[illegible]	$1,412	$2,216
MINNEAPOLIS	Avg. rent	$895	$1,134	$1,756	$1,609	$3,303	$1,893	$3,879
	No. of units	3,590	12,459	616	5,456	[illegible]	283	[illegible]
	Vac. rate	3.1%	3.5%	4.4%	4.2%	5.8%	3.2%	0%
NORTH SUBURBS Includes: Anoka, Blaine, Champlin, Columbia Heights, Coon Rapids, Fridley, Mounds View, New Brighton, St. Anthony and Spring Lake Park	Avg. rent	$759	$829	$929	$958	$1,127	$1,148	$1,292
	No. of units	85	3,739	98	5,155	465	734	4
	Vac. rate	0%	2.1%	1.1%	2.5%	[illegible]	1.4%	0%
NORTHWEST WEST SOUTHWEST SUBURBS [illegible]	Avg. rent	$826	$921	$1,270	$1,165	$1,502	$1,430	$2,280
	No. of units	1,317	[illegible]	1,376	[illegible]	622	2,273	4[illegible]
	Vac. rate	2.1%	2.7%	2.5%	3.1%	2.1%	2.2%	0%
ST. PAUL	Avg. rent	$816	$906	$1,557	$1,176	$2,262	$1,496	$1,800
	No. of units	963	6,898	305	5,536	2[illegible]	574	9
	Vac. rate	3.1%	2.2%	1.3%	2.4%	1.9%	1.0%	0%
EAST SUBURBS [illegible]	Avg. rent	$722	$855	$1,148	$1,064	$1,614	$983	–
	No. of units	509	[illegible]	109	6,703	160	4,011	
	Vac. rate	1.4%	2.9%	0.3%	2.7%	[illegible]	[illegible]	
SOUTH OF MINNESOTA RIVER SUBURBS [illegible]	Avg. rent	$719	$886	$1,011	$1,066	$1,075	$1,171	$1,650
	No. of units	456	6,823	441	7,09[illegible]	2,145	1,160	231
	Vac. rate	1.5%	2.3%	2.9%	3.3%	2.5%	3.2%	0.9%

Based on an analysis of the area, rental rate ***per-square-foot*** appears to be the most persuasive indicator of rental market value. While unit sizes for a 1-BR and efficiency units vary somewhat from building to building, the rental rates do not appear to fluctuate due to size for this type of unit. Based on the GVA rental survey, the subject's actual rents, and the subject's larger unit sizes, rent on a per-square-foot basis appears to be a better indicator of value for the subject units. Rates appear to fluctuate mainly due to location and condition. The information on the following pages will analyze rental information from existing area rental information on a per-square-foot basis.

The subject was reported to be 100% occupied at the time of inspection. Current rental information was provided to the appraiser as follows:

Rental rates provided to the appraiser in November 2015:

1	1-BR	4	1	774	$825	$1.07
2	1-BR	4	1	774	$825	$1.07
3	1-BR	4	1	774	$850	$1.10
4	1-BR	4	1	774	$850	$1.10
5	1-BR	4	1	768	$875	$1.14
6	Efficiency	2	0	390	$675	$1.73

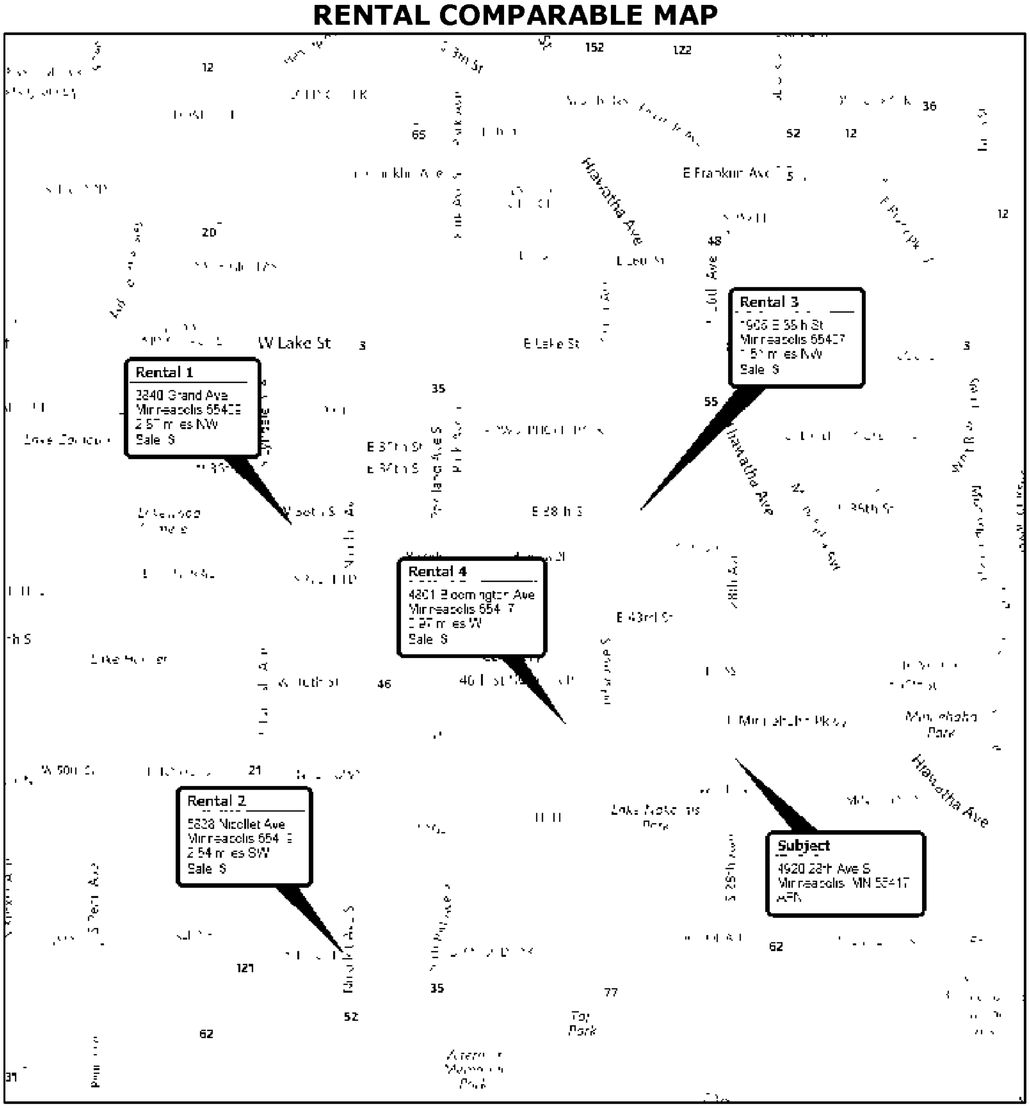
Current Estimated rental rates based on the rental samplers above; this is estimated to be an increase of about 2.4% per year ($1,053 in 2015 vs. $1,078 in 2016):

1	1-BR	4	1	774	$845	$1.09
2	1-BR	4	1	774	$845	$1.09
3	1-BR	4	1	774	$870	$1.12
4	1-BR	4	1	774	$870	$1.12
5	1-BR	4	1	768	$895	$1.17
6	Efficiency	2	0	390	$690	$1.77

Based on an estimated 2.4% increase in subject's actual reported rents over the past year, the estimated economic rents for the subject are:

$1.23	4,254	$5,232

RENTAL COMPARABLE MAP



MINNEAPOLIS AREA APARTMENT RENTAL SUMMARY

	SUBJECT	RENTAL #1	RENTAL #2	RENTAL #3	RENTAL #4
[redacted]					
Rental Survey Date	N/A	Sep-16	Aug-16	Jul-16	May-16
[redacted]					
Avg Rental Rate/SF/Mo	$1.15	$1,150	$750	$775	$845
[redacted]					
Rental Survey/Time	Estimate 0.2%/mo	Similar (2 mo/+0.4%)	Similar (3 mo/+0.6%)	Similar (4 mo/+0.8%)	Similar (6 mo/+1.2%)
[redacted]					
Net-rentable Area	709 sf/unit	888 sf/unit (+5%)	782 sf/unit (+/-)	720 sf/unit (+/-)	710 sf/unit (+/-)
[redacted]					
Condition	Slightly Above	Similar (+/-)	Similar (+/-)	Similar (+/-)	Similar (+/-)
[redacted]					
Parking	5-Car Gar+ On-Site	4-Car Gar (+/-)	On-Site (+20%)	4-Car Gar (+/-)	2-Car Gar (+10%)
[redacted]					
	Gross Adjustments	**5.00%**	**30.00%**	**10.00%**	**10.00%**
	Net Adjustments/SF/Mo	**5.00%**	**10.00%**	**10.00%**	**10.00%**
[redacted]					

[redacted]			
Range	$1.07 - $1.44		
Mean	$1.26		
Median	$1.26		
Standard Deviation	$0.16		
[redacted]			
Range	$1.17 - $1.51		
Mean	$1.36		
Median	$1.39		
Standard Deviation	$0.13		
[redacted]			
Lowest Gross Adjustments	1	Lowest Net Adjustments	1
Most Similar Location	4	Most Similar Style	4
[redacted]			

POTENTIAL GROSS INCOME

Comp Rentals	$1.48	4,254	$6,296
Subject Est. Rents	$1.23	4,254	$5,232

The subject property has a total net rental area (NRA) of 4,254 square feet above grade. The subject has 1 studio/efficiency unit and 5 1-BR units (709sf average). The comparable's NRA was decreased by 10% of the unit size to allow for common areas, stairs, and any unfinished area. The analysis of comparable apartment units indicate that the rental rates are within a range established by the current subject rents, comparable rentals and broader market studies. This estimated rate takes into consideration the subject's slightly above-average condition. This information is reconciled to a rate, based on the gross income on a **per-square-foot basis** for all units:

Based on 80% weight on the comp rentals and 20% on the subject estimated rents in the grid above, the estimated annual potential gross income (PGI) from the grid above on a per-square-foot basis is **$6,083/month** times **12 months** equals **$72,994**.

Total Annual PGI = $72,994

EXPLANATION OF ADJUSTMENTS

1) TIME OF RENTAL

All comparable sales were relatively recent rentals. Based on rentals over this time period, there is indication that rental rates are showing upward movement. Although interest rates are low, due to the recession, some potential buyers may stay on the sidelines waiting for the economy to fully recover before making purchasing decisions. This has resulted in decreased rental vacancies. In the Income Approach, it is expected that rents in these types of properties will continue to be stable to increasing. Based on mostly stable to slightly increasing rental rates, it is estimated that there may be some modest appreciation that takes place in the future. **The rental appreciation, based on area rental comparables was estimated at 2.4% per year (.2% per month).**

2) AMENITIES ADJUSTMENT

Adjustments varied somewhat from building to building. Amenities judged to more important were: location, condition, and off-street parking. All rentals had community style laundries (efficiency rental #3 had in-unit washer/dryer). **No amenities adjustment was judged warranted.**

3) CONDITION ADJUSTMENT

The subject was judged to be in slightly above-average condition relative to most area comparables. Some comparables were older but were still judged in similar in condition due to similar recent updating. **No condition adjustment was judged warranted.**

4) PARKING

All but one rental had either garages or covered parking. All rentals had on-site parking. No adjustment was made for parking unless it was included in the rental rates. **A 2-car garage was estimated at 10%; on-site parking but no garage was estimated at 20%.**

NET OPERATING INCOME PROJECTION

The smaller apartment market (4-20 units) remains predominantly owned by local operators, estimated at about 80%. Most local operators tend to prefer operating with slightly lower rents as this leads to lower vacancy and less tenant rollover. While using the proceeding rental projections, the methodology used in developing the net operating income will be to estimate the rent on a net basis. Management is responsible for all operating expenses including taxes, utilities (except tenant unit electricity), insurance and all maintenance. This is the standard unit of comparison used by consumers of commercial residential space in the market. The subject's vacancy rate is low due to its slightly better-than-average condition and relative good location. Management provided income and expense is on pages 75 and 76.

Vacancy & Collection Loss

The expenses that would be incurred by the landlord such as tenant expenses on vacant units are subtracted to develop an estimate of net operating income. Overall, Marquette Advisors found an overall Twin Cities rental vacancy rate of 2.9% but a 3.1% vacancy rate in Minneapolis. Market studies for comparable apartment buildings more similar to the subject in size located in the Minneapolis area indicate a vacancy rate of around 3% to 4%. Given the subject's current occupancy of 100%**, the appraiser estimates a stabilized vacancy of around 3% for the subject.**

Other Income

The subject coin-operated washer and dryer are owned by the building owner and reportedly are income producing. Per management, this income helps offset the utility expenses; no separate income was provided to the Appraiser for the coin-operated washer/dryer.

Operating Expenses

For the sake of simplicity, operating expenses have been divided into fixed and variable expenses. Fixed expenses include such items as real estate taxes, insurance and other items. The variable expenses have been categorized as management, utilities, repairs and maintenance and other items.

Fixed Expenses

Real Estate Taxes - **Current taxes payable in 2016 are $7,946**. Even though the subject's assessed value has increased over the past 4 years from $357,900 in 2013 to a 2016 value of $464,000, taxes have remained relatively consistent due to the city and state maintaining revenue stream to maintain the government. Given the subject's present condition, taxes are estimated to be stable at current rates. **Stabilized estimated taxes are $8,000.**

Property Insurance - Based on similar properties, typical insurance cost varied from 3% to 12% per year. An insurance cost of **$3,385 for 2014** was reported to the Appraiser. Given recent natural disaster occurrences, it's judged that insurance costs are likely to increase. Based on insurance cost for comparable area properties, the subject's current insurance cost appear slightly higher than normal. **An annual cost of at $3,500 was estimated more appropriate and used in the stabilized operating statement.**

Variable Expenses

Management - A survey of local real estate management costs revealed management fees from 0% to 10% of gross income collected. 0% to 5% fees were for off site management only. 6% to 10% fees were for on & off site management fees. 2014 management fees of $3,580 were reported to the Appraiser and appropriate for subject off-site management fees in the stabilized operating statement. **These expenses were estimated to be approximately $3,700 the stabilized operating statement relative to 2016.**

Utilities - Electric, Heat, Trash, Water & Sewer - The costs for all utilities have been lumped together on the stabilized operating statement. **2014 utility costs of $7,618** were reported to the Appraiser. Utility expenses were based on reported expenses of the subject and appear reasonable relative to similar properties in the immediate area. **These expenses were estimated to be approximately $7,800 the stabilized operating statement relative to 2016.**

Repairs and Maintenance - The site improvements are minimal. The actual cost of grounds maintenance is disbursed into several categories. Items typically included in maintenance and repairs include interior/exterior maintenance of the property, supplies, subcontractor's fees, and painting and redecorating. Reported repairs and maintenance on other area properties is 2% to 10%. These expenses tend to be the least reported when the property is sold. The subject's reported **2014 repair and maintenance costs were $4,706** and appear realistic based on the market and the subject's current condition. The **expenses are estimated at $4,800 in the stabilized operating statement relative to 2016;** a replacement allowance will be estimated below.

Reserves for Replacement - Reserves for replacement are allowances in the operating statement for the replacement of short-lived items that are necessary to sustain the forecasted income. No reserve information was provided. The Appraiser has estimated the reserve for replacement of fixed assets to be **3% of the EGI**.

Net Operating Income

The following operating statement is based on the above referenced assumptions and analysis as well as information provided by the management. The net operating income is calculated in the following table:

POTENTIAL GROSS INCOME			
6 units (page 51)	$72,994		
Expenses/Reimbursements	0		
Less Vacancy/Collection Loss 3%			($2,190)
Other Income (Laundry, Parking, Storage)			$0
FIXED EXPENSES			
Real Estate Taxes (Estimated from Market)	($8,000)		
Insurance (Estimated from Market)	($3,500)		
Other	$0		
Total Fixed Expenses	0	($11,500)	
VARIABLE EXPENSES			
Management (Est. from reported)	($3,700)		
Utilities (Est. from reported)	($7,800)		
Repairs & Maintenance (Est. from reported)	($4,800)		
Miscellaneous Expenses	0		
Total Variable Expenses		($16,300)	
Total Operating Expenses			
Reserves for Replacement (3.0% of EGI)			($2,124)
		NET OPERATING INCOME	$40,880
Comments: Income estimates are based upon a market rental survey, and information from the owner, and market data in the Appraiser's files.			

CAPITALIZATION PROCESS

The final step in the Income Approach is to capitalize the net operating income into an indication of value. Two methods were utilized: direct capitalization and the Band of Investments Method. Direct capitalization converts one year's income into a value indication either by dividing the income by a capitalization rate or multiplying it by a factor derived from the market. The Band of Investments method, primarily applied to larger investor-oriented properties, considers that in addition to the equity invested by the owner there will normally be a mortgage to complete the financing.

The major difference between direct capitalization and yield capitalization is that the former does not make an allocation between return on and return of capital. However, a satisfactory rate of return is implicit in the rates derived from the market data.

The Appraiser has derived an overall capitalization rate from comparable market sales with available rental information. Before calculating the overall rates, sale prices were adjusted to reflect cash equivalent figures. Cap rates, in general, have decreased in the recent months, coinciding with overall real estate trends both locally and nationally. These rates do not have any deduction from income for reserves or replacement as has been done in development of the subject's NOI; this is estimated to increase the overall rate by up to 0.5%.

[redacted]

	Address	Proximity	Sale Date	Net Operating Income	Sale Price	Overall Cap Rate
1	1905 E 38th St (4 units) Minneapolis (built 1925)	4 miles	8/2016	$30,932	$353,000	8.76%
2	4801 Bloomington Ave (4 units) Minneapolis (built 1949)	4 miles	7/2016	$24,015	$430,000	5.58%
3	5838 Nicollet Ave (4 units) Minneapolis (built 1950)	3 miles	5/2016	$24,236	$344,250	7.04%
4	3840 Grand Ave (5 units) Minneapolis, MN (built 1925)	2 miles	11/2016	$46,232	$631,000	7.33%
5	3149 Aldrich Ave S (5 units) Minneapolis (built 1912)	2 miles	9/2016	$69,976	$650,000	10.77%
6	2718 18th Ave S (6 units) Minneapolis (built 1968)	3 miles	3/2016	$39,976	$419,500	9.53%
7	2600 Dupont Ave S (6 units) Minneapolis (built 1904)	4 miles	6/2014	$18,848	$426,000	4.42%

[redacted]

Positive & Negative Factors Influencing the Capitalization Rate

Positive characteristics that would serve to lower the capitalization rate for the subject property are:

- Close proximity to all neighborhood conveniences
- Interest rates are low and relatively stable
- Rents are increasing and vacancy rates are low

Negative factors that would serve to increase the capitalization rate include:

- This property could be a risky venture for an inexperienced investor

Direct Capitalization Method

The Appraiser has derived an overall capitalization rate from comparable market sales with available rental information. Cap rates, in general, have decreased in the recent months, coinciding with overall real estate trends both locally and nationally. These rates do not have any deduction from income for reserves or replacement as has been done in development of the subject's NOI; this is estimated to increase the overall rate by up to ½%. Based upon the foregoing method, most weight on addresses #1 & #2, and the subject's overall slightly better-than-average condition, the estimated the **overall capitalization rate for the subject property is estimated to be 7%**. Capitalizing the estimated net operating income by the overall rate, results in an estimated market value for the subject property as follows:

Net Operating Income	$40,880
Capitalization Rate	7%

Band of Investment Method (BOI)

The appraiser has utilized the Band of Investment technique of Capitalization, which is summarized as a mortgage/equity yield, which calculates a composite rate considering the income over a period of time. This method considers that in addition to the equity invested by the owner there will normally be a mortgage to complete the financing. First, based on current market financing terms, the appraiser must make a series of assumptions and equity yields for the subject apartment building. The assumptions utilized are as follows:

- Based on market financing for the subject apartment building, the current market rates and the appraiser's judgment, applicable to the subject: an **80%** loan-to-value (LTV) ratio at an effective rate of **7%** amortized over **20 years**. The mortgage constant expressed on these terms is **.0930**.

- It is expected that equity capital would demand **10%** return over the term of the investment. When estimating the equity yields, one must be aware of yields from competing forms of investments, as well as the premiums that have to be added for extra risk and illiquidity that are inherent in real estate investment.

The computation of an overall capitalization rate by the Ellwood Method, expressed in non-algebraic terms, would be as follows:

Holding Period (yrs)	=	15
[redacted]		
Loan Ratio	=	80%
[redacted]		
Loan Rate	=	7%
[redacted]		

BAND OF INVESTMENT METHOD

Capital Source		Portion		Rate		Cap Rate
Mortgage Loan	=	80	x	09.30	=	7.4429
Equity Funds	=	20	x	10.00	=	+ 2.0000
				Overall Rate		[redacted]

Less Equity Buildup through Debt Reduction

Debt Reduction % (Principal reduction over 15 yrs)		60.8459	
Sinking Fund Factor (1% per annum for 15 yrs)	=	x 3.1474	
Loan Ratio	=	x 80.0000	
		1.5320	
			-1.5320
Basic Rate			[redacted]

Less Equity Buildup through Appreciation/Depreciation

Appreciation/Depreciation (1% annual appreciation)		15.0000	
Sinking Fund Factor (1% per annum for 15 yrs)	=	x 3.1474	
		0.4721	
			-0.4721

[redacted]

[redacted]	
Net Operating Income	$40,880
Capitalization Rate	7.4387%
[redacted]	

Users and investors typically rely on market data in considering property income strength which best represents market value by this approach. This type of property is purchased for rental purposes. Since rental data for properties similar to the subject was plentiful, the Appraiser placed most weight on the value derived from the market cap rate.

Proof of Ellwood

1) Overall Capitalization Rate				=	7.4387%
[redacted]					
3) Original Equity (Down Payment)	20% (Equity Ratio)	x	$549,556.62 (Value)	=	[redacted]
[redacted]					
5) Debt Service (Yearly Payments)	0.0930 (Loan Constant)	x	$439,645.30 (Principal)	=	$40,902.78
[redacted]					
7) Debt Coverage Ratio	$40,880.00 (Net Income)	/	40,902.78 (Debt Service)	=	0.9994
[redacted]					
9) Loan Balance (End of Holding Period)	39.1541% (% Unpaid)	x	$439,645.30 (Principal)	=	$172,139.34
[redacted]					
11) Resale Value as a Dollar Amount	115.00% (Resale as %)	x	$549,556.62 (Original Value)	=	$631,990.11
[redacted]					
13) Deferred Yield (Amount)	$459,850.77 (Net Reversion)	-	$109,911.32 (Down Payment)	=	$349,939.45
[redacted]					
15) Proof of Yield on Equity	10% (Equity Yield Rate)		15 years (Holding Period)		
[redacted]					

								Cap Rate					
Market	=	$584,000	x	90%	=	$ 525,600		7.0000%	x	90%	=	6.30%
Ellwood	=	$549,557	x	10%	=	+ 54,956		7.4387%	x	10%	=	0.74%

[redacted]

Indicated Market Value by Income Approach

$580,500 (rounded)

[redacted]

In summary, the value indications for the three approaches to value utilized in this appraisal are as follows:

COST APPROACH:	**N/A**
INCOME APPROACH:	**$580,500**
SALES COMPARISON APPROACH:	**$640,000**

The Cost Approach provides an alternative for the existing building by estimating a cost to replace or reproduce the structure with new construction. The accumulated depreciation is specific to the subject; consequently the resulting value is representative of the building in its current condition. **The Cost Approach was deemed not applicable due to difficulty in estimating accrued depreciation in older properties, such as the subject. For this reason, buyers and sellers do not use the Cost Approach as a determinant of value, and the Cost Approach does not render a highly reliable estimate of market value for older properties. This approach is considered most relevant in cases involving unique or newer properties.**

The Income Capitalization Approach contains market-supported rents and expenses. The information may be valuable to a potential investor who is interested in the income the subject could potentially produce. Market rental data for properties similar to the subject was somewhat scarce in the subject's immediate area. Properties similar to the subject are typically purchased for income producing purposes. **Due to a lack of rental income in the immediate area, this approach was given some weight in arriving at an estimated value.**

The Sales Comparison Approach was based on the analysis of sales of generally comparable apartment building sales. These sales were thoroughly analyzed and adjustments were made for those dissimilarities between the comparable sales and the subject. The primary strength of this approach is that it is the most direct approach to value, as well as the most easily understood. **The Sales Comparison Approach was given considerable weight in arriving at an estimated value.**

In correlating the two approaches into a final estimate of value for the subject property, the Appraiser has considered the purpose of the appraisal, the age and type of property and the adequacy of data.

Cost Approach	N/A	=	N/A
[redacted]			
Sales Comparison Approach	(70% x $640,000)	=	448,000
	[redacted]		

There was no market evidence supporting a previous April 2004 sales price of $595,000. Based on the above, the Appraiser estimates the **"AS IS, UNENCUMBERED"** Market Value of the subject 6-unit apartment building at **4920 28th Avenue South, Minneapolis, MN, as of November 7, 2016** to be:

Six Hundred Twenty Thousand Dollars

$620,000 (rounded)

[redacted]

(Appraisal Standard #1-1)

The certification of the Appraiser appearing in this appraisal report is subject to the following conditions and to such specific and limiting conditions as are set forth by the Appraiser in the report:

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be marketable. The property is appraised as though under responsible ownership and management. Existing liens or encumbrances have been disregarded, and the property has been appraised as though free and clear of existing indebtedness, unless otherwise stated in the report.
2. Any sketch in this report is included to assist the reader in visualizing the property, and the Appraiser assumes no responsibility for its accuracy. The Appraiser has made no survey of the property. The legal description used in this report is assumed to be correct.
3. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering, which might be required to discover such factors.
4. Information, estimates and opinions furnished to the Appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the Appraiser does not assume responsibility for accuracy of such items.
5. Disclosure by the Appraiser of the contents of this appraisal report is subject to review in accordance with the by-laws and regulations of the professional appraisal organizations with which the Appraiser is affiliated.
6. On all appraisals involving proposed construction, the appraisal report and value conclusions are contingent upon completion of the proposed improvements in accordance with the plans and specifications submitted to the Appraiser for review. Any proposed improvements are assumed to be completed in a good workman-like manner in accordance with the submitted plans and specifications.
7. The Appraiser is not required to appear in court or give testimony by reason of completion of this assignment without predetermined arrangements and agreements.
8. The market value herein assigned is based on conditions that are applicable as of the date of the appraised value. This market value may be the same but also may vary at a later date due to changing market conditions. It is the Appraiser's opinion that the subject 6-unit apartment building would sell in an appropriate time period should it be offered on the open real estate market at this time at about the appraised value subject to the appraisal assumptions; but a guarantee of such sale is not implied or warranted.
9. Neither all nor any part of the contents of this report, especially any conclusions as to value, the identity of the Appraiser or the firm with which he is associated, or any reference to the Appraisal Institute shall be disseminated to the public through advertising media, public relations or news media, sales media, or any other public means of communication without the prior written consent and approval of the Appraiser.

10. This appraisal report and its contents must be regarded as a whole and any excerpts from this appraisal cannot be used separately and if used separately, invalidates this appraisal.

11. It is assumed that there is full compliance with all-applicable federal, state and local environmental regulations and laws unless incompliance is stated, defined and considered in the appraisal report.

12. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless non-conformity has been stated, defined and considered in the appraisal report.

13. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

14. It is assumed that the utilization of the land is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.

15. No environmental impact studies were either requested or made in conjunction with this appraisal, and the Appraiser hereby reserves the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.

16. Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and general limiting conditions.

17. Although its existence was not observed, urea-formaldehyde foam insulation, other potentially hazardous material, toxic waste, or radon gas may have an effect on the value of the property. The Appraiser is not qualified to detect such influences. The client may wish to consult an expert in this field.

18. This Appraiser assumes the site to be free of any and all hazardous wastes on or below the surface of the soil. **NOTE: The presence of any hazardous substances such as asbestos, urea-formaldehyde, foam insulation, oil, chemicals or other hazardous substances or environmental conditions may affect the value of the property, the value estimated is predicted on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value.**

19. Unless otherwise stated in this report, the subject 6-unit apartment building is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

20. This is a Complete Appraisal in a Summary Appraisal Report format that is intended to comply with the reporting requirements set forth under Standard Rule 2-2 of the Uniform Standards of Professional appraisal Practice for a Complete Summary appraisal Report. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

21. The appraiser viewed 3 of the 6 units; the efficiency and two of the 1-BR units (#2 and #3). It is assumed that the viewed units are representative of all the units in the building. It this is not true, the Appraiser reserves the right to adjust the appraised value as appropriate.

ADDENDA

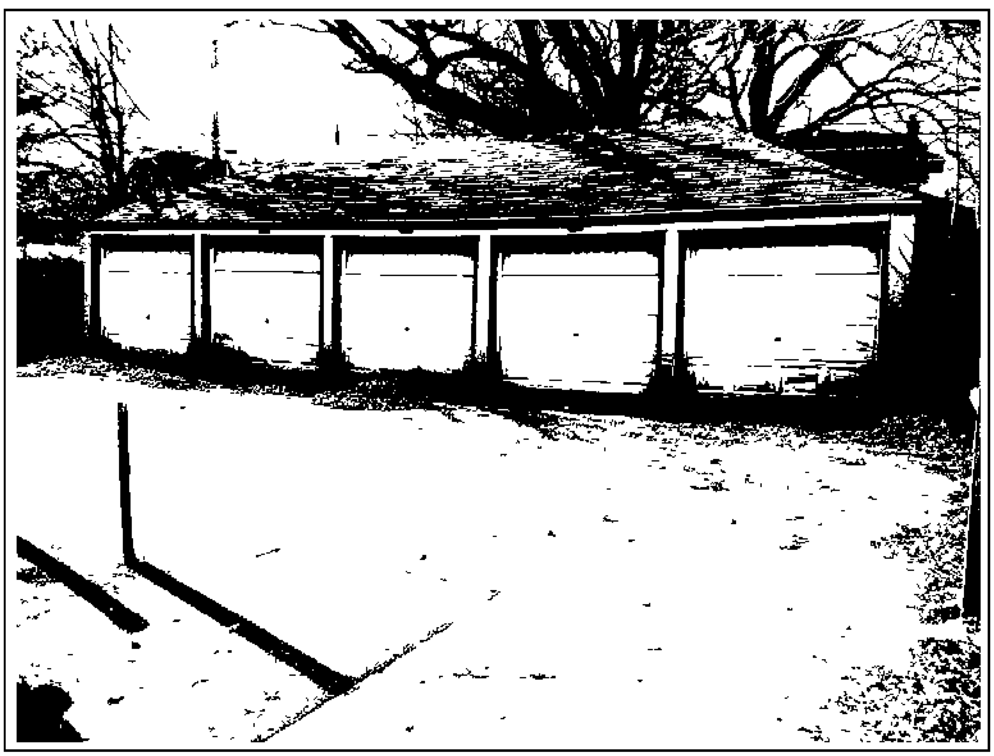
PHOGRAPHS OF SUBJECT PROPERTY

Basement Unfinished Storage

Rear Looking E

PHOGRAPHS OF SUBJECT PROPERTY

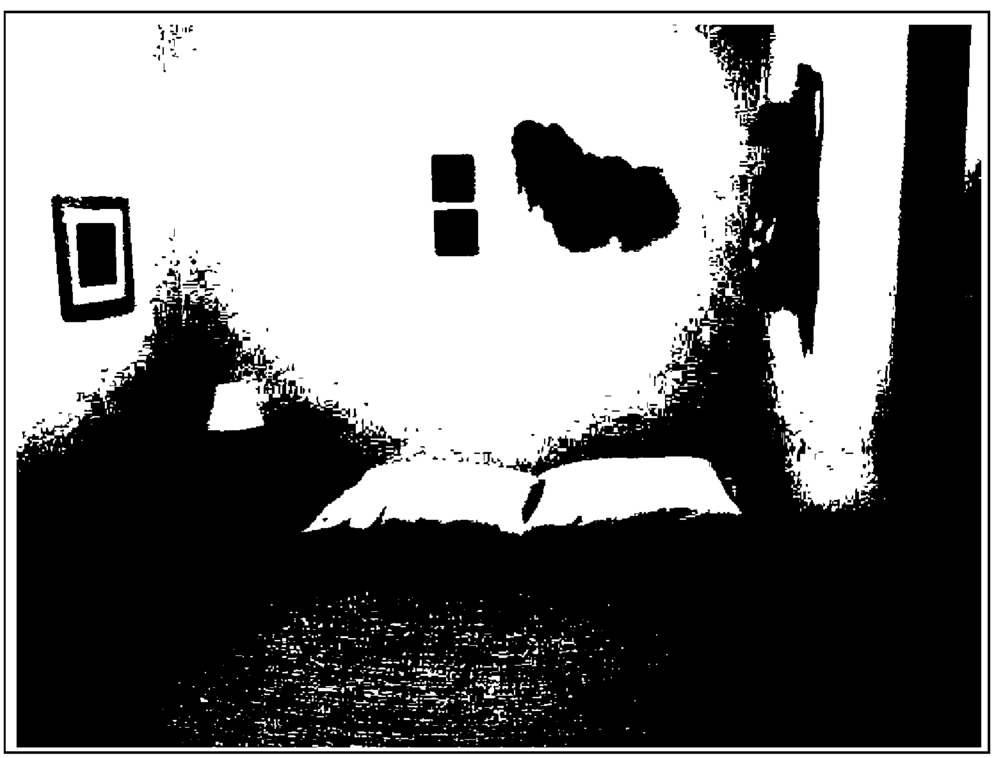
28th Avenue Lookıng N



Rear 5-Car Garage

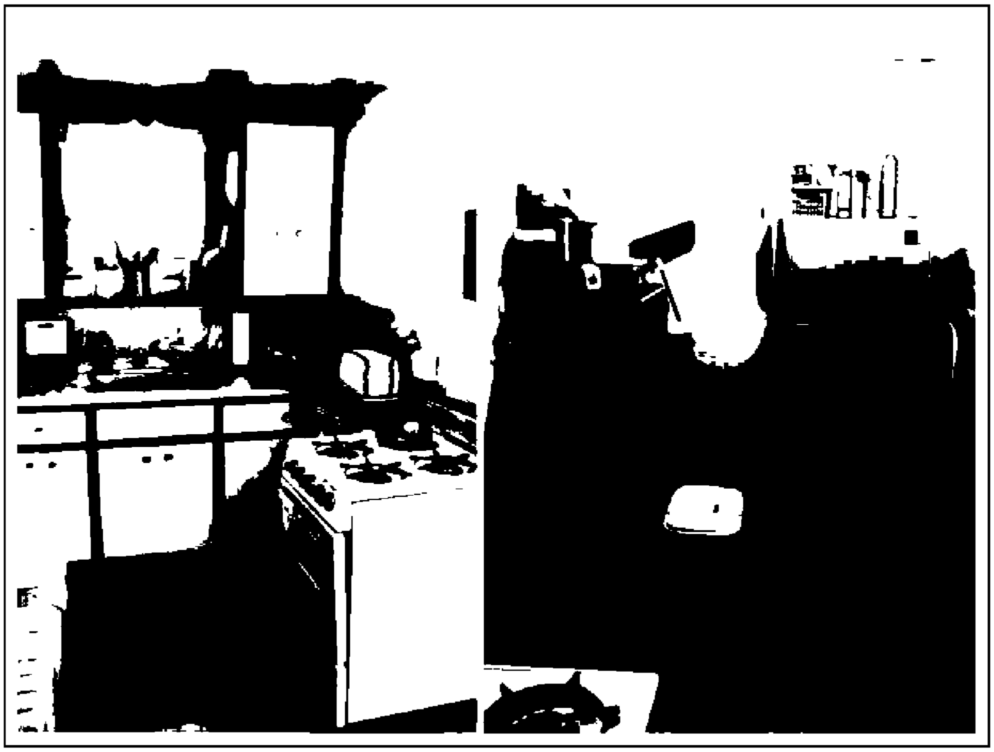
PHOGRAPHS OF SUBJECT PROPERTY

Basement Efficiency Living Room (Unit #6)



Basement Efficiency Sleeping Area (Unit #6)

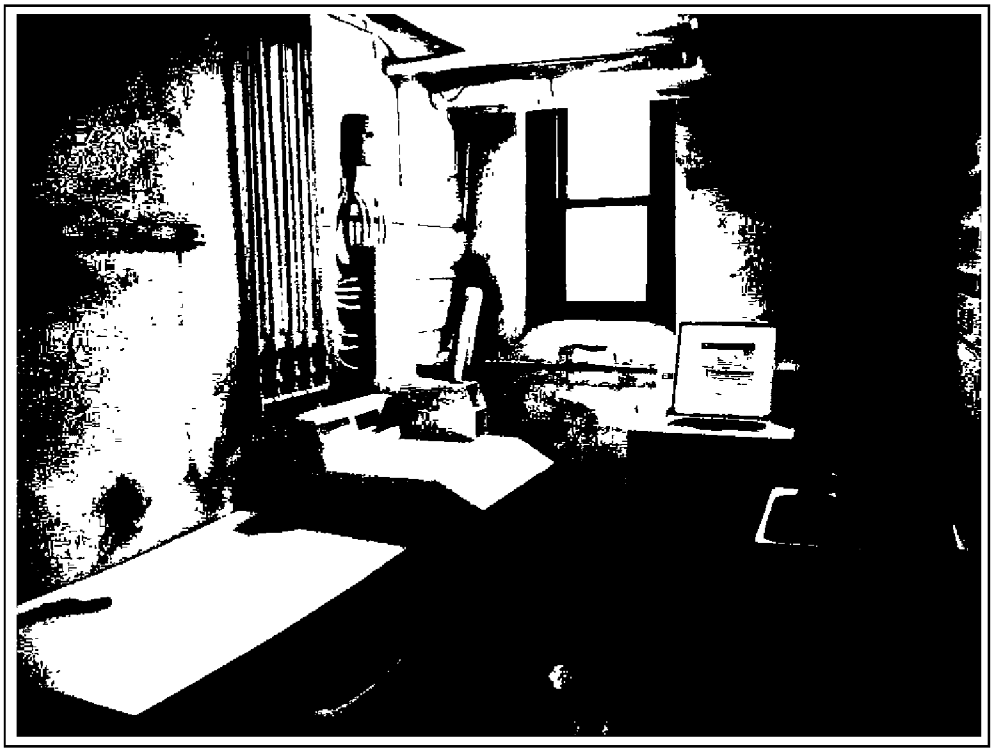
PHOGRAPHS OF SUBJECT PROPERTY



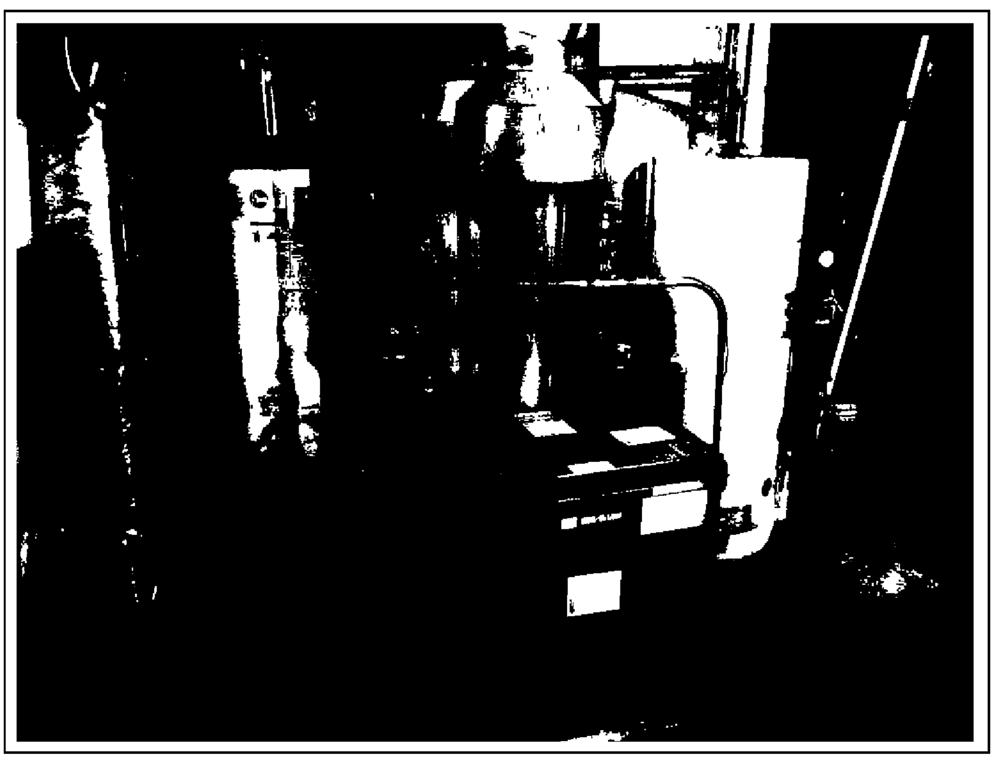
Basement Efficiency Kitchen (Unit #6)

Basement Efficiency 1/2 Bath and Shower (Unit #6)

PHOGRAPHS OF SUBJECT PROPERTY

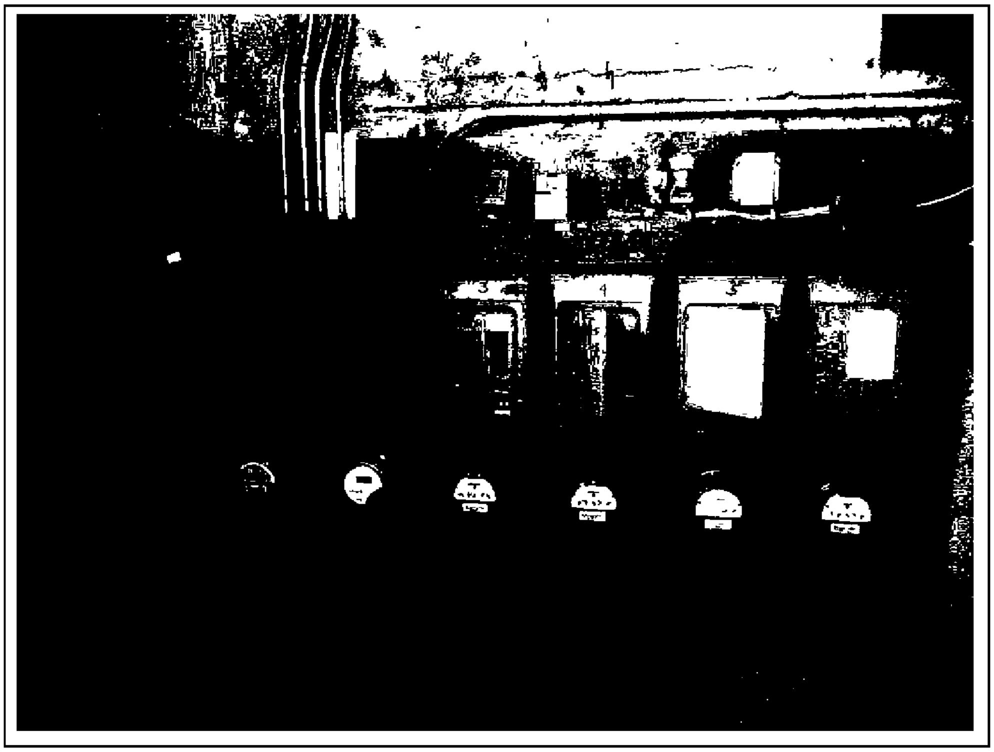


Basement Laundry



GHW Boıler, 40 and 50 Gallon Gas Water Heaters

PHOGRAPHS OF SUBJECT PROPERTY



Apartment 50-Amp Service Panels

Unit #2 Living Room

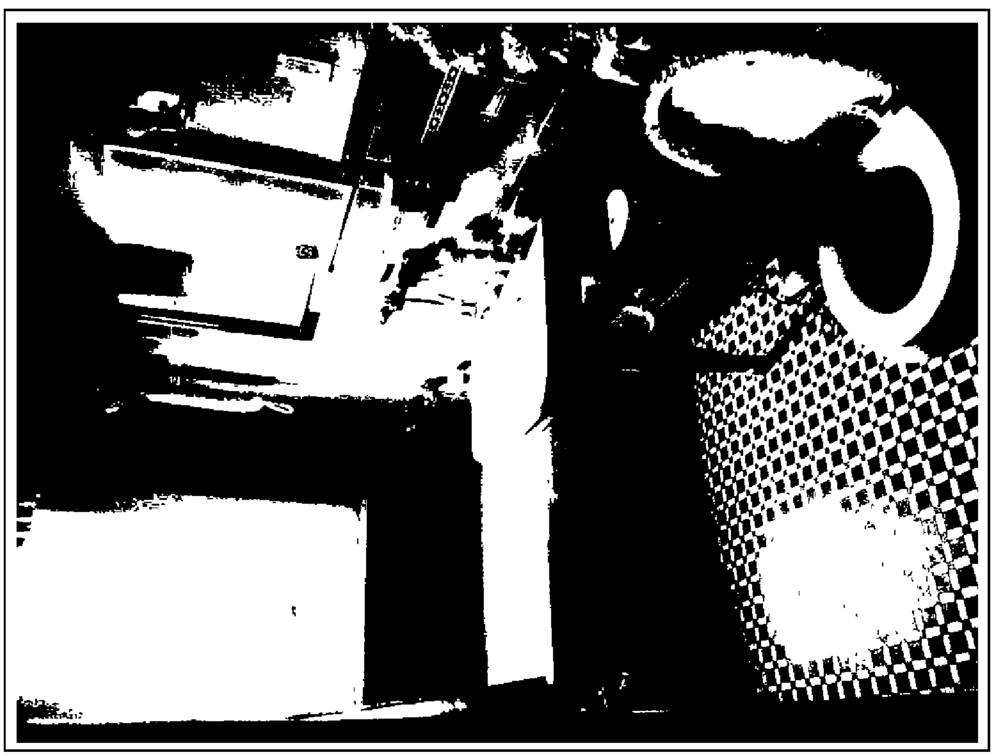
PHOGRAPHS OF SUBJECT PROPERTY

Unit #2 Kitchen

Unit #2 Dining Room

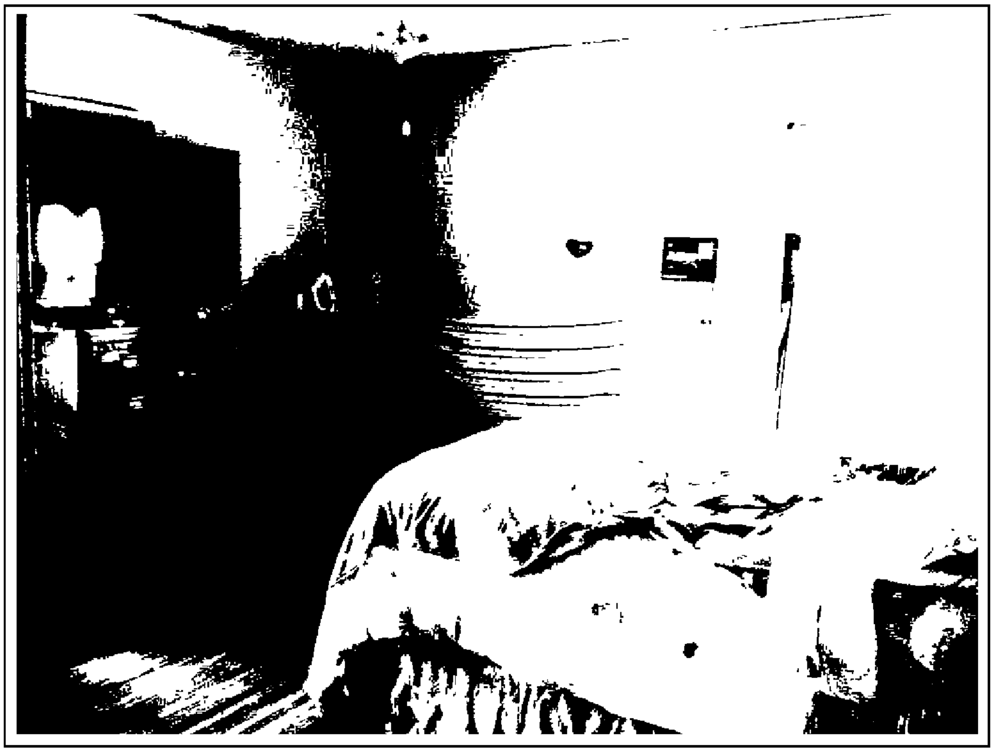
PHOGRAPHS OF SUBJECT PROPERTY

Unıt #2 Kıtchen



Unıt #2 Bath

PHOGRAPHS OF SUBJECT PROPERTY



Unıt #2 Bedroom

Unıt #3 Lıvıng Room

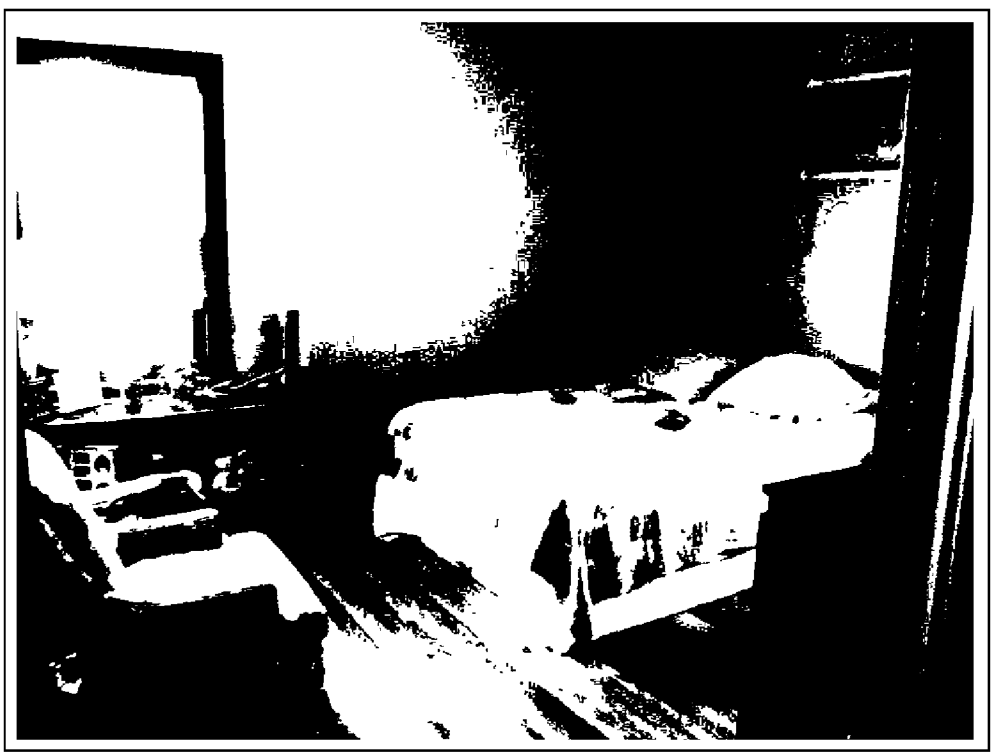
PHOGRAPHS OF SUBJECT PROPERTY

Unıt #3 Dınıng Room

Unıt #3 Kıtchen

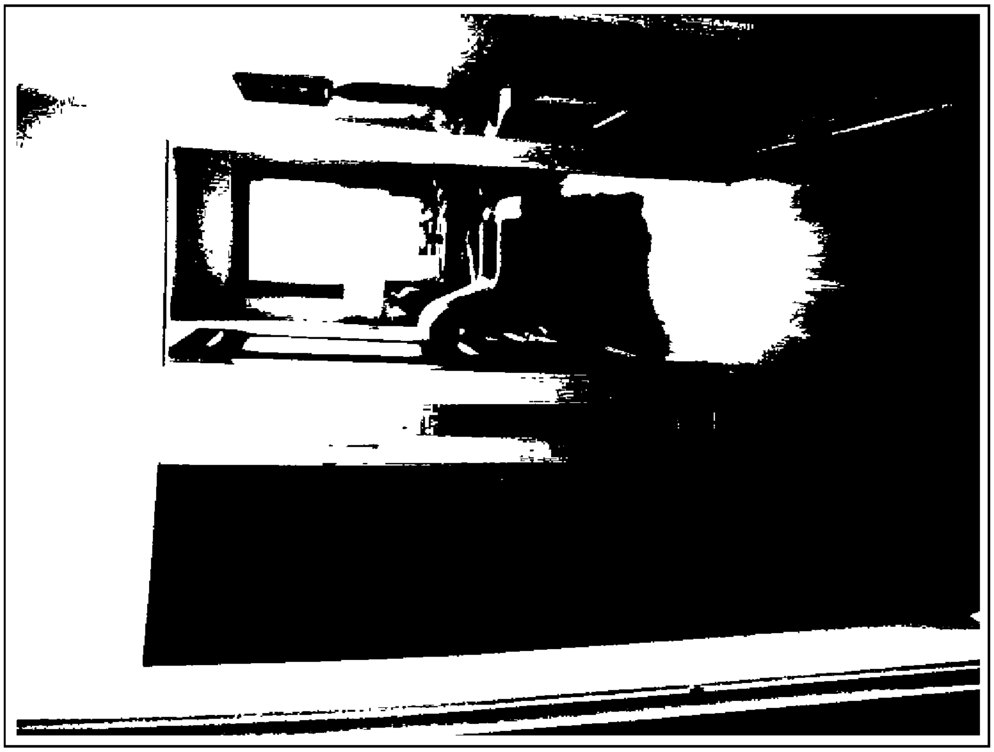
PHOGRAPHS OF SUBJECT PROPERTY

Unıt #3 Bath

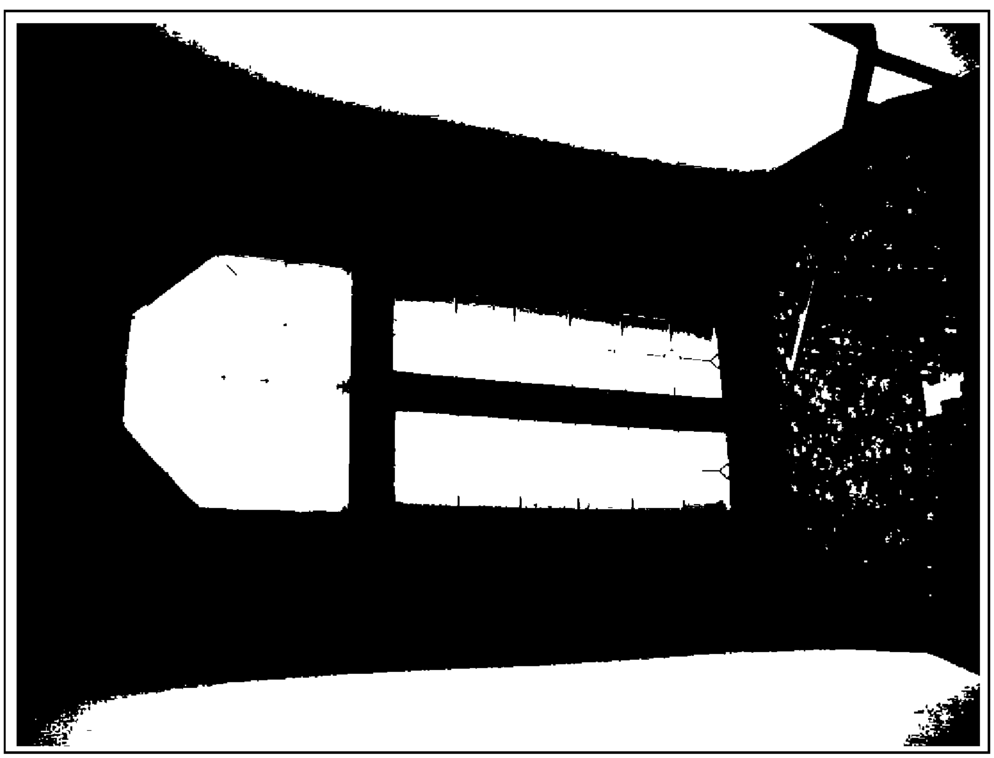


Unıt #3 Bedroom

PHOGRAPHS OF SUBJECT PROPERTY

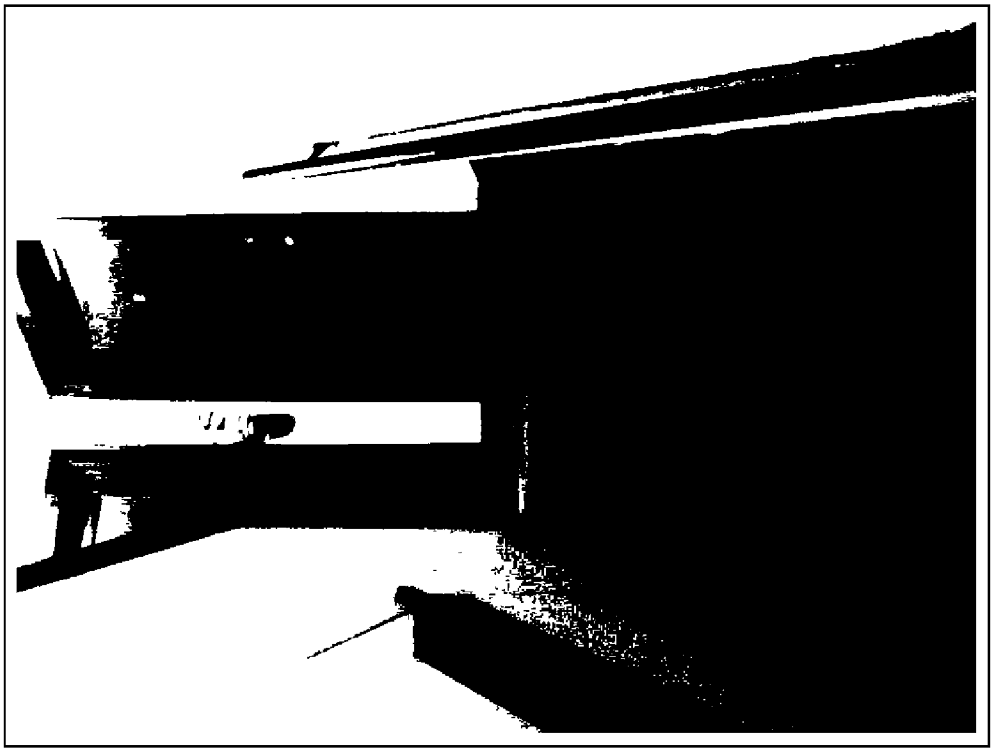


Typical 1-BR Hallway



Front Stairway

PHOGRAPHS OF SUBJECT PROPERTY



Rear Stairway

Front Entry

Owner Provided Summary Cash Flow (2014)

1/1/2014 through 12/31/2014

Category	28	OVERALL TOTAL
INCOME		
402A Tenant Rental	57.775.00	57.775.00
403 Vacancies	425.00	425 00
431 Unrealized Gains	100.00	100 00
TOTAL INCOME	**58,300.00**	**58,300.00**
EXPENSES		
511 Real Estate Taxes	8,127.68	8 127 68
512 Insurance	3.385.44	3.385.44
513 Marketing & Rental License	164.00	164 00
514 Utilities	7 617.99	7 617 99
516 Maintenance	4 706.13	4 706 13
517 Turnovers	32.12	32 12
525 Property Management Fees	3 580.00	3 580 00
TOTAL EXPENSES	**27,613.36**	**27,613.36**
OVERALL TOTAL	**30,686.64**	**30,686.64**

Owner Provided Summary Cash Flow (2015)

1/1/2015 through 9/30/2015

Category	28	OVERALL TOTAL
INCOME		
402A Tenant Rental		
1 Unit 1	0 00	0 00
2 Unit 2	0 00	0 00
3 Unit 3	0 00	0 00
4 Unit 4	4,725 00	4 725 00
5 Unit 5	7 200 00	7 200 00
6 Unit 6	5 850 00	5 850 00
TOTAL 402A Tenant Rental	17 775 00	17 775 00
402B Partner Rental		
1 Unit 1	7 425 00	7 425 00
2 Unit 2	7 500 00	7 500 00
3 Unit 3	7,650 00	7 650 00
TOTAL 402B Partner Rental	22 575 00	22 575 00
402C AHS Rental		
4 Unit 4	2 925 00	2 925 00
TOTAL 402C AHS Rental	2 925 00	2 925 00
431 Unrealized Gains	53,500 00	53 500 00
TOTAL INCOME	**96,775.00**	**96,775.00**
EXPENSES		
511 Real Estate Taxes	5 681 79	5 681 79
512 Insurance		
512A Prepaid Insurance	1 778 50	1 778 50
TOTAL 512 Insurance	1 778 50	1 778 50
513 Marketing & Rental License		
2 Rental License	107 00	107 00
TOTAL 513 Marketing & Rental License	107 00	107 00
514 Utilities		
1 Electric	634 20	634 20
2 Gas	2 437 53	2 437 53
4 City Utility	1 561 91	1 561 91
5 Laundry Rental	81 88	81 88
6 Sanitation	1 311 06	1 311 06
TOTAL 514 Utilities	6,026 58	6 026 58
516 Maintenance		
2 Repairs	810 45	810 45
3 Maintenance	823 06	823 06
4 Lawn & Snow	471 38	471 38
TOTAL 516 Maintenance	2 104 89	2 104 89
518 Major Repairs	1 066 97	1 066 97
525 Property Management Fees	4,629 39	4 629 39
TOTAL EXPENSES	**21,395.12**	**21,395.12**
OVERALL TOTAL	**75,379.88**	**75,379.88**

Name(s) shown on your income tax return | Identifying number

Section B. Donated Property Over $5,000 (Except Publicly Traded Securities)—Complete this section for one item (or one group of similar items) for which you claimed a deduction of more than $5,000 per item or group (except contributions of publicly traded securities reported in Section A). Provide a separate form for each property donated unless it is part of a group of similar items. An appraisal is generally required for property listed in Section B. See instructions.

Part I Information on Donated Property—To be completed by the taxpayer and/or the appraiser

4 Check the box that describes the type of property donated

- a ☐ Art* (contribution of $20,000 or more)
- b ☐ Qualified Conservation Contribution
- c ☐ Equipment
- d ☐ Art* (contribution of less than $20,000)
- e ☐ Other Real Estate
- f ☐ Securities
- g ☐ Collectibles**
- h ☐ Intellectual Property
- i ☐ Vehicles
- j ☐ Other

*Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

**Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. In certain cases, you must attach a qualified appraisal of the property. See instructions.

5	(a) Description of donated property (if you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift	(c) Appraised fair market value
A			
B			
C			
D			

	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See instructions: (h) Amount claimed as a deduction	(i) Date of contribution
A						
B						
C						
D						

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of $500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than $500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions ▶

Signature of taxpayer (donor) ▶ Date ▶

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). In addition, I understand that I may be subject to a penalty under section 6695A if I know, or reasonably should know, that my appraisal is to be used in connection with a return or claim for refund and a substantial or gross valuation misstatement results from my appraisal. I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Sign Here Signature ▶ [signature] Title ▶ Certified General Real Property Appraiser Date ▶ 11/30/2016

Business address (including room or suite no.): WC Lewis & Associates, 6608 Limerick Drive

Identifying number: MN Appraiser #4000961

City or town, state, and ZIP code: Edina, MN 55439

Part IV Donee Acknowledgment—To be completed by the charitable organization

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ▶

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? ▶ ☐ Yes ☐ No

Name of charitable organization (donee)	Employer identification number	
Address (number, street, and room or suite no.)	City or town, state, and ZIP code	
Authorized signature	Title	Date

QUALIFICATIONS OF WILLIS C. LEWIS, Appraiser

MN Certified General Real Property Appraiser   Appraiser #4000961   Expires 8/31/2017

EDUCATION

-Tenn. State Univ./B.S. Electrical Engineering
-American Institute of Real Estate Appraisers
  "Real Estate Appraisal Principles" - Exam 8-1
  "Residential Valuation\" - Exam 8-2
  "Standards of Professional Practice" - Exam 8-3
-Appraisal Institute: Standards of Professional Practice
-Investment Property Appraisals
-Appraising the Oddball: Nonconforming & Difficult Properties
-Environmental Pollution and Mold
-Income Capitalization
-Intro to Green Building for RE Appraisers
-Appraising FHA Today
-FHA Appraisals: The New Requirement
-REO and Foreclosures
-Uniform Standards of Professional Appraisal Practice Update, 2016

EXPERIENCE

-VA Fee Panel - 1993 to present
-Minneapolis Community Development Agency (MCDA) Panel - 1989 to now
-Real Estate Broker in MN. - "W.C. Lewis & Assoc." - 1984 to 1991; 1995 to now
-Staff Appraiser - City of Minneapolis Assessors Office - 1983-1985
-Independent Fee Appraiser - 1980 to present

MEMBERSHIPS

-The Appraisal Institute (1986 thru 1995) - SRA (designation - 7/88)
  1992 Board of Directors (Metro/Minnesota Chapter)
  Experience Review Committee (Metro/Minnesota Chapter)
-National Association of REALTORS

CLIENTS SERVED

Interbay Funding, Peoples Bank, Wells Fargo Mortgage Corp., Wells Fargo Bank, Heartland Business Bank, United Mortgage, Fleet Mortgage, North Star Title, Homestead Mortgage, The Appraisal Group, Alpine Mortgage, Old Stone Mortgage, Federal Housing Administration, Veterans Administration (VA #708), C.U. Credit Union, Americana Bank, Minneapolis Community Development Agency (MCDA), various attorneys and individuals.

STATE OF MINNESOTA

WILLIS CALVIN LEWIS
6608 LIMERICK DRIVE
EDINA MN 55439

Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that

Willis Calvin Lewis

6608 LIMERICK DRIVE
EDINA, MN 55439

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

Resident Appraiser : Certified General

License Number: 4000961

unless this authority is suspended, revoked, or otherwise legally terminated This license shall be in effect until August 31, 2017

IN TESTIMONY WHEREOF, I have hereunto set my hand this August 10, 2015.

Mike Rothman

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division

85 7th Place East Suite 500
St Paul MN 55101-3165
Telephone (651) 539-1599
Email licensing commerce@state mn us
Website commerce state mn us

Notes:

- **Individual Licensees Only - Continuing Education** 15 hours is required in the first renewal period which includes a 7 hour USPAP course 30 hours is required for each subsequent renewal period which includes a 7 hour USPAP course
- **Appraisers** You must hold a licensed Residential, Certified Residential or Certified General qualification in order to perform appraisals for federally-related transactions **Trainees do not qualify** For further details, please visit our website at commerce state mn us

RJW Foundation

Employer ID 41-1525383

Statement RE: AHS Direct Charitable Activity summarized in Section IX A line 2

On a Wheel and a Prayer (OWP)
2016 charitable activity report

Under the leadership of its Board of Directors and OWP Co-Executive Directors (Don and Jenny Rasmussen) **the RJW Foundation (RJW)** established the **On a Wheel and a Prayer Direct Charitable Activities (OWP)** in 2014.

OWP is directly engaged in the active conduct of the faith-based Christian charitable activity of providing hands on physical work services to Christian Ministries through the coordination efforts of the SOWER Ministry. In this context, the acronym RJW means that all charitable activities of the Foundation are done out of "Reverence for Jesus and the Word" All aspects of the charitable and religious services of OWP fit this ministry and mission like a glove.

The OWP services are delivered and coordinated under the auspices of the "Servants on Wheels Ever Ready" (SOWER) Ministry ID# 22-2600875, a non-profit, nationwide RV volunteer network of Christians, serving selected non-denominational Christian Ministries throughout the continental United States, Alaska and Canada. An application, site visit and a phone interview is required of all partner ministries before the SOWER Ministries agrees to partner with them and send volunteers. The partner ministry must also have a 501(c) (3) status to be eligible for SOWER assistance.

The SOWER members travel and live in their RVs through-out their time on the road and while serving on the partner ministry property. The partner ministry provides water, sewer and electric services to the SOWER volunteers for the month they are serving. Sower members are responsible for all their own fuel and food before, during and after their service to the partner ministry. The SOWER volunteers receive no wages from the partner ministries for their labor.

The SOWER Ministry coordinates its members through the national office in Lindale, TX. As SOWER members choose where they are led by the LORD to serve, they notify the SOWER Office who then notifies the partner ministry of their upcoming volunteers as to what months and how many are coming.

OWP Co-Executive Directors, Don and Jenny Rasmussen are members of the SOWER Ministry. Jenny also serves on the Board of Trustees of the SOWER Ministry in 2016 and held the office of Vice President during that year. She donated 300 hours of time to Board of Trustees and to the duties of the Vice President.

The partner ministries served by OWP are, as most non-profit Christian ministries, in great need of help and especially volunteer help. Many of these camps, homes and conference centers could not exist if they had to hire the needed building and grounds maintenance for their properties. The partner ministries are the direct benefactor with the kids, families and groups residing at the ministries being the ultimate benefactors of the work we do by getting exposed to the Gospel of Jesus Christ in an inviting environment with limited distractions.

OWP provided 832 hours of direct hands on work services for 7 different partner ministries in 2016, as follows:

1. **January 2016:** Forest Home Ojai Valley, 655 Burnham Rd, Oak View, CA 93022 www.foresthome.org , Residential Christian Camp serving all ages, performed as Group Leader (GL) coordinating 3 SOWER couples. Work included painting, cleaning, repairing and rebuilding camps buildings.

2. **February 2016**: Indian Hills Camp, 15763 Lyons Valley Rd, Jamul, CA 91935 www.indianhillscamp com, Residential Christian Camp for 8-14 year olds, 7 SOWER couples. Work included sewing mattress covers, building maintenance, electrical rewiring, painting, deck construction on camp buildings and property.

3. **March 2016:** Cherry Valley Brethren School, 39205 Vineland St, Cherry Valley, CA 92223 www.cvbpreschool.com, Private Christian School, Group leader coordinating 1 SOWER couple. Work included building outdoor game sets to be used for school fundraiser, and painting in the schools church.

4. **April 2016:** Ironwood Christian Camp, 49191 Cherokee Rd, Newberry Springs, CA 92365 www.ironwood.org, Western Adventure in Christian Camping and Conference Center, Group Leader coordinating 4 SOWER couples. Work included cleaning camp cabins, sheetrock, trim, and painting new lodge building.

5. **October 2016**-Acadian Baptist Center, 1202 Academy Drive, Eunice, LA 70535 www.abccamp.com Camp and Conference Center, 2 SOWER couples. Work included rebuilding walking bridge, repairing conference meeting rooms, cleaning lodge rooms.

6. **November 2016**-Shocco Springs Baptist Conference Center, 1314 Shocco Springs Rd., Talladega, AL 35160-www.shocco.org, Christian Conference Center, Group Leader coordinating 1 SOWER couple. Work included placing insulation, electric receptacles and switches, hanging lights, smoke alarms and metal door frames, installing bathroom wood backer boards all in 10 lodge rooms being rebuilt.

7. **December 2016**-Florida Sheriffs Boys Ranch, 1813 Cecil Webb Place, Live Oak, FL 32064 www.youthranches.org , Residential Child Care, Group Leader coordinating 4 SOWER couples. Work included repairing and painting boys residence group homes, rebuilding a shed

The OWP direct charitable service expenses for 2016 total $18,633. These expenses are reported on line 14 ($9,758 of service fees) and line 23 ($8,875 out of pocket travel expenses) in column (d) of Part I on page 1 of Form 990PF and on line 2 of Part IX-A on page 7 of Form 990PF. These OWP service expenses amount to $22.40 per hour of services donated to the ministries (i.e. $18,633 divided by 832).

The OWP direct charitable service expenses are funded from OWP donations received from like-minded Christians, Wooddale Church and the RJW Foundation. During 2016 OWP received $16,550 composed of $5,000 internally from the RJW Foundation; $2,500 from the Wooddale Church Missions Board; and $9,050 from 28 like-minded Christians who donated an average of $323 each.

These donations totaling $16,550 are reported on line 1, column (a) in Part I of the Form 990PF. None of these donations are reportable on Schedule B of Form 990PF as None of the contributors are substantial contributors to the RJW Foundation.

RJW Foundation

Employer ID 41-1525383

Statement RE: AHS Direct Charitable Activity summarized in Section IX A line 1 and AHS Program Related Investment Summarized in Section IX B Line 1

Under the leadership of its Board of Directors and AHS Executive Director **the RJW Foundation (RJW)** established the **Affordable Housing Services Direct Charitable Activities (AHS)** in 2013. Over the last 4 years the AHS program has grown to the point where it is now the primary charitable activity of **RJW.**

AHS is directly engaged in the active conduct of the *charitable activity of granting relief to the poor and distressed as defined in Reg 1.501(c)(3)-1(d)(2) by providing rental subsidies and housing services to charitable beneficiaries and their families in an amount necessary to reduce the portion of the rent paid by them to an amount that makes the housing affordable to low-income or very low-income tenants as those terms are defined in the HUD computed and published income limits.*

Exhibit A attached lists the key statistics for AHS in 2016. Exhibit A statistics are computed from the detail set forth on Schedules 1 through 3 attached. The Schedules are organized by owned, managed and non-managed units in the AHS program. The qualifying information for each tenant is listed on the Schedules. RJW maintains detailed support for each tenant which is summarized on a "Client Qualification Worksheet (CQW)". These CQWs and the underlying support records are available for inspection and review at the AHS office.

As detailed in the above referenced Exhibit A and related Schedules the AHS program served 32 Households with actual average household income equal to 51.3% of HUD low income limit. The household income averaged $2,313 compared to the HUD low income limit of $4,509. No qualified tenant had household income greater than the HUD low income limit. The average actual monthly rent subsidy received by the qualified tenants was $488 thereby increasing household income to $2,792 which is 61.9% of the HUD low income limit.

Before the rent subsidy, the tenant's average monthly rent obligation (as defined by HUD) was $1,118 or 48.3% of household Income. The average monthly rent subsidy of $488 reduced the tenant paid rent to an average monthly amount of $630 or 27.2% of household income. HUD defines affordable rent as an amount that is 30% or less of the tenant's household income.

Thus, the AHS program has satisfied the charitable purpose of granting *relief to the poor and distressed" as defined in the rule set forth in Reg 1.501(c)(3)-1(d)(2.*

Furthermore, the AHS program meets the "safe-harbor guidelines" prescribed in Rev Proc. 96-32, Sec 3, 1996-1CB 717:

1. ***Guideline 1. All rental units available for rent (vacant) are offered to tenants who have household income less than the HUD low income limit.*** Since commencement of the AHS program in 2013, all vacant rental units participating in the AHS program have been offered only to Tenants who qualify for the AHS Rental Subsidy Program. To qualify, their actual household income must be less than the HUD low-income limit established for the County in which the tenant resides. In 2016, only four units are occupied by long-standing tenants (over 4 years) who occupied the units before the AHS program was began in 2013. In early 2017, the number of grandfathered tenants has been reduced to two.

2. ***Guideline 2. At least 75% of units (27 units) are occupied by individuals and families who have household income less than the HUD low-income limit.*** As stated above 32 units (89%) are occupied by tenants with income less than the HUD low income limit.

3. ***Guideline 3. At least 20% of the units (8 units) are occupied by individuals and their families who have income less than the very low-income limit or 40% of the units (15 units) are occupied by residents with household income that do not exceed 120% of the very low-income limit***. Twenty-six (26)units (72%) are occupied by residents with household income less than the very low-income limit and 28 units (78%) are occupied by residents with household income less than 120% of the very low-income limit Thus, both parts of this guideline are met.

4. ***Guideline 4. The housing must be affordable to the charitable beneficiaries.*** In 2016, AHS rent subsidies reduced the tenant paid portion of the gross rents from 48.3 percent of household income to 27.2% of household income for the 32 qualified tenants. As discussed above the HUD definition of affordable housing is an amount that is less than 30% of household income.

Thus, the AHS program meets all the safe harbor guidelines of Rev Proc 96-32 and is also deemed a success by our board of directors. We are accomplishing the charitable purpose of providing affordable housing to all our qualified tenants.

Exhibit B sets forth the 2016 costs incurred in providing the affordable housing to our qualified charitable beneficiaries. The total qualified charitable activity expenses for 2016 were $309,793 composed of direct rent subsidies of $80,033; AHS case management and landlord services of $112,197; and AHS property (housing) expenses of $117,563. The AHS program received revenue of $183,924 composed of property management fees of $58,054; AHS rent received from tenants of $67,145; AHS Rent subsidies received from partners of $29,550; and AHS rent subsidies of $29,175 received from tenants occupying the properties owned by RJW (AHS).

The Qualifying Distributions of $125,870 listed on Exhibit B and reported in column d in Part 1 "Analysis of Revenue & Expenses" is equal the total expenses of $309,793 minus the $183,923 of revenue reported in column c. This amount is also reported line 1 Part IX-A on page 7 of the Form 990PF.

In 2016, RJW made a Program Related Investment with a total market value of $620,000. This investment is a 6-unit apartment building named the Nokomis House located at 4920 28th Ave in Minneapolis MN. See separate Appraisal attached. The total number of units directly owned by RJW-AHS is now 16 units.

The market value of the directly related investment in the 16 units at December 31, 2016 is $1,585,500 as listed on line 14, column c of Part II on page 2 of Form 990PF. RJW AHS has no expectation that the program related investments are made for profit or appreciation of these assets. In fact, in 2016 the net expense of the AHS program (after rental income and management fee revenue) was $125,870 or a loss equal to 7.9% of the market value of the property. There is no expectation that the appreciation in the investments will exceed 7.9% in any future year. In fact, the expectation is that AHS will operate at a significant loss for all future years You simply could never make any net profit (including appreciation) when you are subsidizing rents resulting in tenant paid rent equal to only 56.4% of market rents. See Exhibit A. The costs of the property far exceed 56.4% of the market rents.

RJW Foundation | Exhibit A | 24-Apr-17

AHS Direct Charitable Activities | 9:21 PM

Key Statistics

Calendar Year 2016

Description	Owned	Managed	Non-Managed	Total
	AHS Properties			
Number of Household Units	14	12	6	32
Number of Bedrooms	18	28	14	60
Average Number of Bedrooms	1.29	2.33	2.33	1.88
Number in Households				
Adults	17	22	7	46
Children	19	14	9	42
Total In Households	36	36	16	88
Average Size of Households	2.57	3.00	2.67	2.75
Average Monthly Income per Household(HH)-				
Actual HH Income before Rent Subsidy	2,038	2,567	2,449	2,313
Actual Rent Subsidy	491	565	325	488
Actual HH Income after Subsidy	2,529	3,132	2,724	2,792
HUD Limits for Actual Size of HHs				
Extremely Low	1,871	1,944	1,583	1,844
Very Low	3,035	3,202	2,125	2,927
Low	4,648	4,902	3,399	4,509
Actual HH Income Before Subsidy as Percent of-				
Extremely Low	109.0%	132.0%	154.7%	125.4%
Very Low	67.1%	80.2%	115.2%	79.0%
Low	43.9%	52.4%	72.1%	51.3%
Actual HH Income After Subsidy as Percent of-				
Extremely Low	135.2%	161.1%	172.0%	151.4%
Very Low	83.3%	97.8%	128.2%	95.4%
Low	54.4%	63.9%	80.2%	61.9%
Average Rents per Rental Unit				
Gross Rent	960	1,354	1,014	1,118
AHS Subsidy	491	565	325	488
Tenant Paid Rent	469	789	689	630
Rent as a Percent of HH Income				
Gross Rent	47.1%	52.7%	41.4%	48.3%
AHS Subsidy	24.1%	22.0%	13.3%	21.1%
Tenant Paid Rent	23.0%	30.7%	28.1%	27.2%
Percent of Gross Rent Paid By				
AHS Subsidy	51.2%	41.7%	32.0%	43.6%
Tenant Paid Rent	48.8%	58.3%	68.0%	56.4%

RJW Foundation | Exhibit B | 24-Apr-17
AHS Direct Charitable Activities | | 9:22 PM
Tax Reporting Page 1 of Form 990PF
Part 1 Analysis of Revenue & Expenses
Calendar Year 2016

Line #	Description	Coulmn (a) Per Books	Coulmn (c) Adjusted Net Income	Coulmn (d) Qualifying Distributions
23	AHS Rent Subsidies Paid to Tenants	80,032.99	0.00	80,032.99
	Executive Director AHS			
13	Base Compensation	63,000.00	37,262.16	25,737.84
15a	Pension Plan Contribution	15,750.00	9,315.54	6,434.46
15b	Medical Benefits	17,450.24	10,321.17	7,129.07
18	Payroll Taxes	5,935.42	3,510.58	2,424.84
23	Travel Expenses to Properties & Clients	6,346.75	3,753.87	2,592.88
23	Office Expenses	3,714.68	2,197.10	1,517.58
13 & 15	Total Executive Director Services	112,197.09	66,360.42	45,836.67
26	**AHS Qualifying Distributions**	**192,230**	**66,360**	**125,870**
	AHS Property Expenses			
18	Real Estate Taxes	17,437.50	17,437.50	0.00
19	Depreciation	23,761.00	23,761.00	0.00
23	Insurance	9,255.41	9,255.41	0.00
23	Utilities	16,716.77	16,716.77	0.00
23	Repairs & Maintenance	6,948.17	6,948.17	0.00
14	Caretaker & Maintenance Service Fees	27,385.00	27,385.00	0.00
23	Property Management Fees	15,877.34	15,877.34	0.00
23	Rental Licenses Fees	182.00	182.00	0.00
26	Total AHS Property Expenses	117,563.19	117,563.19	0.00
	Qualified Charitable Activity Expenses	**309,793**	**183,924**	**125,870**
	Offsetting Income Received			
11	Property Management Fees Received	(58,053.76)	(58,053.76)	0.00
5a	AHS Rent Received from Tenants	(67,144.85)	(67,144.85)	0.00
5a	AHS Rent Subsidies Received from Partners	(29,550.00)	(29,550.00)	0.00
5a	AHS Rent Subsidies Received from Tenants	(29,175.00)	(29,175.00)	0.00
	Total Offseting Income Received by AHS	(183,923.61)	(183,923.61)	0.00
26	**AHS Qualifying Distributions**	**125,870**	**0**	**125,870**

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Clients Served in AHS Program
Schedule 1

24-Apr-17
5:54 PM

Client/ Unit #	Tag & CQW #	Rental Unit	Client/Tenant	AHS Partner	Number of Bedrooms	Number in Household: Adults	Children	Total
		AHS Owned Properties						
	31	Cedar House-						
1	31A	Unit 1	Tara B	RJW - AHS - Way	2	1	5	6
2	31B	Unit 2	Berta R	RJW - AHS	0	1	0	1
3	31C	Unit 3	David J	House of Charity	0	1	0	1
4	31D	Unit 4	Laura V	RJW - AHS	2	1	3	4
5	31E	Unit 5	Christopher B	RJW - AHS	2	2	1	3
6	31F	Unit 6	Derrick W	Salvation Army	0	1	0	1
6		Total Cedar House			6	7	9	16
	32	Tonka Bay House						
7	32A	Unit 1 - 5137	Broderick J	RJW - AHS	3	2	5	7
8	32B	Unit 2 - 5139	Veronica D	RJW - AHS	3	1	4	5
2		Total Tonka Bay House			6	3	9	12
	33	Integrity House						
9	33A	Unit 1 - 150	David A	RJW - AHS	2	1	2	3
10	33B	Unit 2 - 152	James B	Start Today - RJW	2	2	0	2
2		Total Integrity House			4	3	2	5
	34	Nokomis House-						
11	34A	Unit 1	Carl R	Start Today	1	1	0	1
12	34B	Unit 2	Shelia & Christopher	Start Today 1	1	2	0	2
13	34C	Unit 3	Cinda M	Start Today	1	1	0	1
14	34D	Unit 4	Teri R	RJW - AHS - Way	1	1	0	1
15	34E	Unit 5	Kim L	None	1	1	0	1
16	34F	Unit 6	Jackie W	RJW - AHS	0	1	0	1
6		Total Nokomis House			5	7	0	7

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Clients Served in AHS Program
Schedule 1

24-Apr-17
5:43 PM

Client/ Unit #	Tag & CQW #	Rental Unit	Client/Tenant	AHS Partner	Number of Bedrooms	--------Number in Household---------- Adults	Children	Total
		AHS Managed Properties						
17	15	8800 Irving	Willie	Catholic Charities	4	4	0	4
18	16	8132 Bryant	Shikiya	HUD	3	1	4	5
19	17	7514 Stevens	Shannon M	RJW - AHS	4	2	4	6
20	20	7532 Stevens		State of MN	2	2	0	2
4		Total Single Family			13	9	8	17
	18	317 & 321 5th Ave No						
21	18A	Unit 1 - 317	Marzi V	RJW - AHS	2	1	1	2
22	18B	Unit 2 - 321	Aisha J	RJW - AHS	2	2	0	2
2		Total 5th Ave Duplex			4	3	1	4
	19	5833 & 5835 Blaisdell						
23	19A	Unit 1 - 5833	Michelle B	RJW - AHS - Way	1	1	0	1
24	19B	Unit 2 5833	Lisa V	RJW - AHS - Way	1	1	1	2
2		Total Blaisdell Duplex			2	2	1	3
	21	5680 & 5682 Wood Duck						
25	21A	Unit 1 - 5680	Leroy H	RJW - AHS	3	2	0	2
26	21B	Unit 2 - 5682	Mark W	RJW - AHS	3	3	1	4
2		Total Wood Duck Duplex			6	5	1	6
27	23	5626 & 5628 Nicollet						
28	23A	Unit 1 - 5626	Rajah S	RJW - AHS	2	2	1	3
	23B	Unit 2 - 5628	Madeleine M	RJW - AHS	2	1	1	2
2		Total Nicollet Duplex			4	3	2	5
	24	4417 & 4419 Cedar						
29	24A	Unit 1 - 4417	Shawn C	RJW - AHS	2	1	0	1
30	24B	Unit 2 - 4419	Lamount - C	RJW - AHS	2	2	1	3
2		Total Cedar Duplex			4	3	1	4

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Clients Served in AHS Program
Schedule 1

27-Apr-17
7:26 AM

Client/ Unit #	Tag & CQW #	Rental Unit	Client/Tenant	AHS Partner	Number of Bedrooms	--------Number in Household---------- Adults	Children	Total
16		***Total AHS Owned Properties***			21	20	20	40
(2)		*Grand Fathered Non-Qualified*			(3)	(3)	(1)	(4)
14		*Total Qualified Tenants*			18	17	19	36
14		***Total AHS Managed Properties***			33	25	14	39
(2)		*Grand Fathered Non-Qualified*			(5)	(3)	0	(3)
12		*Total Qualified Tenants*			28	22	14	36
		AHS Non-Managed Properties						
31	41	8741 Weslyan FL	Gloria H	ASK	2	1	0	1
32	42	17207 Malaga FL	Laura R-B	ASK	3	1	3	4
33	43	2011 7th Ave - IA	Annette S	ASK	2	2	0	2
34	51	2956 Lafayette ST	Tanisha P	IJM	3	1	3	4
35	52	9826 Bernwood Place	Alex G	IJM	2	1	1	2
36	53A	3580 Central Ave	Francis S	IJM	2	1	2	3
6		***Total Non Managed Properties***			14	7	9	16
36		***Total Properties In AHS Program***			68	52	43	95
(4)		*Grand Fathered Non-Qualified*			(8)	(6)	(1)	(7)
32		*Total Qualified Tenants*			60	46	42	88

RJW Foundation

AHS Direct Charitable Activities

Calendar Year 2016

Monthly Household Income Qualification

Schedule 2

24-Apr-17

8:31 PM

Rental Unit	Client Household Income			HUD Income Limits			After Subsidy HH Income As Percent of HUD Limits		
	Befote Subsidy	Rent Subsidy	After Subsidy	Extremely Low	Very Low	Low	Extremely Low	Very Low	Low
AHS Owned Properties									
Cedar House-									
Unit 1	2,518.00	300.00	2,818.00	2,715.00	4,150.00	6,354.17	103.79%	67.90%	44.35%
Unit 2	1,100.00	350.00	1,450.00	1,504.17	2,504.17	3,833.33	96.40%	57.90%	37.83%
Unit 3	1,250.00	675.00	1,925.00	1,504.17	2,504.17	3,833.33	127.98%	76.87%	50.22%
Unit 4	2,100.00	300.00	2,400.00	2,145.83	3,575.00	5,475.00	111.84%	67.13%	43.84%
Unit 5	3,630.00	0.00	3,630.00	1,933.33	3,220.83	4,929.17	187.76%	112.70%	73.64%
Unit 6	1,250.00	675.00	1,925.00	1,504.17	2,504.17	3,833.33	127.98%	76.87%	50.22%
Total Cedar House	11,848.00	2,300.00	14,148.00	11,306.67	18,458.34	28,258.33	125.13%	76.65%	50.07%
Tonka Bay House									
Unit 1 - 5137	2,922.00	400.00	3,322.00	3,060.83	4,433.33	6,791.67	108.53%	74.93%	48.91%
Unit 2 - 5139	2,895.83	400.00	3,295.83	2,370.00	3,862.50	5,916.67	139.06%	85.33%	55.70%
Total Tonka Bay House	5,817.83	800.00	6,617.83	5,430.83	8,295.83	12,708.34	121.86%	79.77%	52.07%
Integrity House									
Unit 1 - 150	2,850.00	350.00	3,200.00	1,933.33	3,220.83	4,929.17	165.52%	99.35%	64.92%
Unit 2 - 152	2,047.00	800.00	2,847.00	1,716.67	2,862.50	4,383.33	165.84%	99.46%	64.95%
Total Integrity House	4,897.00	1,150.00	6,047.00	3,650.00	6,083.33	9,312.50	165.67%	99.40%	64.93%
Nokomis House-									
Unit 1	1,250.00	825.00	2,075.00	1,504.17	2,504.17	3,833.33	137.95%	82.86%	54.13%
Unit 2	2,475.00	425.00	2,900.00	1,716.67	2,862.50	4,383.33	168.93%	101.31%	66.16%
Unit 3	1,250.00	800.00	2,050.00	1,504.17	2,504.17	3,833.33	136.29%	81.86%	53.48%
Unit 4	3,375.00	325.00	3,700.00	1,504.17	2,504.17	3,833.33	245.98%	147.75%	96.52%
Unit 5	3,750.00	0.00	3,750.00	1,504.17	2,504.17	3,833.33	249.31%	149.75%	97.83%
Unit 6	1,250.00	250.00	1,500.00	1,504.17	2,504.17	3,833.33	99.72%	59.90%	39.13%
Total Nokomis House	13,350.00	2,625.00	15,975.00	9,237.50	15,383.33	23,550.00	172.94%	103.85%	67.83%

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Monthly Household Income Qualification
Schedule 2

24-Apr-17
8:33 PM

Rental Unit	Client Household Income: Befote Subsidy	Client Household Income: Rent Subsidy	Client Household Income: After Subsidy	HUD Income Limits: Extremely Low	HUD Income Limits: Very Low	HUD Income Limits: Low	After Subsidy HH Income As Percent of HUD Limits: Extremely Low	After Subsidy HH Income As Percent of HUD Limits: Very Low	After Subsidy HH Income As Percent of HUD Limits: Low
AHS Managed Properties									
8800 Irving	4,950.00	253.90	5,203.90	2,145.83	3,575.00	5,475.00	242.51%	145.56%	95.05%
8132 Bryant	2,491.00	1,300.00	3,791.00	2,370.00	3,862.50	5,916.67	159.96%	98.15%	64.07%
7514 Stevens	3,250.00	653.12	3,903.12	2,715.00	4,150.00	6,354.17	143.76%	94.05%	61.43%
7532 Stevens	2,500.00	1,675 00	4,175.00	1,716.67	2,862.50	4,383.33	243.20%	145.85%	95.25%
Total Single Family	13,191.00	3,882.01	17,073.01	8,947.50	14,450.00	22,129.17	190.81%	118.15%	77.15%
317 & 321 5th Ave No									
Unit 1 - 317	1,375.00	470.96	1,845.96	1,716.67	2,862.50	4,383.33	107.53%	64.49%	42.11%
Unit 2 - 321	1,960.00	325.00	2,285.00	1,716.67	2,862.50	4,383.33	133.11%	79.83%	52.13%
Total 5th Ave Duplex	3,335.00	795.96	4,130.96	3,433.33	5,725.00	8,766.67	120.32%	72.16%	47.12%
5833 & 5835 Blaisdell									
Unit 1 - 5833	1,200.00	400.00	1,600.00	1,504.17	2,504.17	3,833.33	106.37%	63.89%	41.74%
Unit 2 5833	1,810.00	325.00	2,135.00	1,716.67	2,862.50	4,383.33	124.37%	74.59%	48.71%
Total Blaisdell Duplex	3,010.00	725.00	3,735.00	3,220.83	5,366.67	8,216.67	115.96%	69.60%	45.46%
5680 & 5682 Wood Duck									
Unit 1 - 5680	5,500.00	0.00	5,500.00	1,716.67	2,862.50	4,383.33	320.39%	192 14%	125.48%
Unit 2 - 5682	3,160.00	400.00	3,560.00	2,145.83	3,575.00	5,475.00	165.90%	99.58%	65.02%
Total Wood Duck Duplex	8,660.00	400.00	9,060.00	3,862.50	6,437.50	9,858.33	234.56%	140.74%	91.90%
5626 & 5628 Nicollet									
Unit 1 - 5626	2,731.00	300.00	3,031.00	1,933.33	3,220.83	4,929.17	156.78%	94.11%	61.49%
Unit 2 - 5628	1,787.00	350.00	2,137.00	1,716.67	2,862.50	4,383.33	124.49%	74.66%	48.75%
Total Nicollet Duplex	4,518.00	650.00	5,168.00	3,650.00	6,083.33	9,312.50	141.59%	84.95%	55.50%
4417 & 4419 Cedar									
Unit 1 - 4417	4,200.00	0.00	4,200.00	1,504.17	2,504.17	3,833.33	279.22%	167.72%	109.57%
Unit 2 - 4419	3,587.00	325.00	3,912.00	1,933.33	3,220.83	4,929.17	202.34%	121.46%	79.36%
Total Cedar Duplex	7,787.00	325.00	8,112.00	3,437.50	5,725.00	8,762.50	235 99%	141.69%	92.58%

RJW Foundation

AHS Direct Charitable Activities

Calendar Year 2016

Monthly Household Income Qualification

Schedule 2

25-Apr-17

7:21 AM

Rental Unit	Client Household Income: Befote Subsidy	Client Household Income: Rent Subsidy	Client Household Income: After Subsidy	HUD Income Limits: Extremely Low	HUD Income Limits: Very Low	HUD Income Limits: Low	After Subsidy HH Income As Percent of HUD Limits: Extremely Low	After Subsidy HH Income As Percent of HUD Limits: Very Low	After Subsidy HH Income As Percent of HUD Limits: Low
Total AHS Owned Properties	**35,913**	**6,875**	**42,788**	**29,625**	**48,221**	**73,829**	**144.43%**	**88.73%**	**57.96%**
Grand Fathered Non-Qualified	(7,380)	-	(7,380)	(3,438)	(5,725)	(8,763)	-214.69%	-128.91%	-84.22%
Total Qualified Tenants	28,533	6,875	35,408	26,188	42,496	65,067	135.21%	83.32%	54.42%
Total AHS Managed Properties	**40,501**	**6,778**	**47,279**	**26,552**	**43,788**	**67,046**	**178.06%**	**107.97%**	**70.52%**
Grand Fathered Non-Qualified	(9,700)	-	(9,700)	(3,221)	(5,367)	(8,217)	-301.16%	-180.75%	-118.05%
Total Qualified Tenants	30,801	6,778	37,579	23,331	38,421	58,829	161.07%	97.81%	63.88%
AHS Non-Managed Properties									
8741 Weslyan FL	3,885.77	175.00	4,060.77	990.00	1,645.83	2,633.33	410.18%	246.73%	154.21%
17207 Malaga FL	3,238.83	400.00	3,638.83	2,025.00	2,350.00	3,758.33	179.70%	154.84%	96.82%
2011 7th Ave - IA	1,493.33	450.00	1,943.33	1,445.83	2,404.17	3,850.00	134.41%	80.83%	50.48%
2956 Lafayette ST	1,711.00	350.00	2,061.00	2,025.00	2,350.00	3,758.33	101.78%	87.70%	54.84%
9826 Bernwood Place	2,275.00	300.00	2,275.00	1,335.00	1,883.33	3,008.33	170.41%	120.80%	75.62%
3580 Central Ave	2,090.00	275.00	2,365.00	1,680.00	2,116.67	3,383.33	140.77%	111.73%	69.90%
Total Non Managed Properties	**14,694**	**1,950**	**16,344**	**9,501**	**12,750**	**20,392**	**172.03%**	**128.19%**	**80.15%**
Total Properties In AHS Program	**91,108**	**15,603**	**106,411**	**65,678**	**104,758**	**161,267**	**162.02%**	**101.58%**	**65.98%**
Grand Fathered Non-Qualified	(17,080)	0	(17,080)	(6,658)	(11,092)	(16,979)	-256.52%	-153.99%	-100.59%
Total Qualified Tenants	74,028	15,603	89,331	59,019	93,667	144,288	151.36%	95.37%	61.91%

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Monthly Qualification For Rent Subsidy
Schedule 3

24-Apr-17
8:36 PM

Rental Unit	Base Rent	Tenant Utilities	Gross Rent	Partner Subsidy	RJW Subsidy	Tenant Pd Rent	---Rent as a Percent of--- ---HH Income Before Subsidy--- Gross	Subsidy	Tenant Paid	--Percent of Gross Rent-- Subsidy	Tenant Paid
AHS Owned Properties											
Cedar House-											
Unit 1	875.00	75.00	950.00	0.00	300.00	650.00	37.73%	11.91%	25.81%	31.58%	68.42%
Unit 2	675.00	35.00	710.00	0.00	350.00	360.00	64.55%	31.82%	32.73%	49.30%	50.70%
Unit 3	675.00	0.00	675.00	675.00	0.00	0.00	54.00%	54.00%	0.00%	100.00%	0.00%
Unit 4	875.00	65.00	940.00	0.00	300.00	640.00	44.76%	14.29%	30.48%	31.91%	68.09%
Unit 5	875.00	60.00	935.00	0.00	0.00	935.00	25.76%	0.00%	25.76%	0.00%	100.00%
Unit 6	675.00	0.00	675.00	675.00	0.00	0.00	54.00%	54.00%	0.00%	100.00%	0.00%
Total Cedar House	4,650.00	235.00	4,885.00	1,350.00	950.00	2,585.00	41.23%	19.41%	21.82%	47.08%	52.92%
Tonka Bay House											
Unit 1 - 5137	1,400.00	110.00	1,510.00	0.00	400.00	1,110.00	51.68%	13.69%	37.99%	26.49%	73.51%
Unit 2 - 5139	1,400.00	190.00	1,590.00	0.00	400.00	1,190 00	54.91%	13.81%	41.09%	25.16%	74.84%
Total Tonka Bay House	2,800.00	300.00	3,100.00	0.00	800.00	2,300.00	53.28%	13.75%	39.53%	25.81%	74.19%
Integrity House											
Unit 1 - 150	1,100.00	140.00	1,240.00	0.00	350.00	890.00	43.51%	12.28%	31.23%	28.23%	71.77%
Unit 2 - 152	1,100.00	0.00	1,100.00	550.00	250.00	300.00	53.74%	39.08%	14.66%	72.73%	27.27%
Total Integrity House	2,200.00	140.00	2,340.00	550.00	600.00	1,190.00	47.78%	23.48%	24.30%	49.15%	50.85%
Nokomis House-											
Unit 1	825.00	0.00	825.00	825.00	0.00	0.00	66.00%	66.00%	0.00%	100.00%	0.00%
Unit 2	850.00	0.00	850.00	425.00	0.00	425.00	34.34%	17.17%	17.17%	50.00%	50.00%
Unit 3	800.00	0.00	800.00	800.00	0.00	0.00	64.00%	64.00%	0.00%	100.00%	0.00%
Unit 4	850.00	70.00	920.00	0.00	325.00	595.00	27.26%	9.63%	17.63%	35.33%	64.67%
Unit 5	800.00	80.00	880.00	0.00	0.00	880.00	23.47%	0.00%	23.47%	0.00%	100.00%
Unit 6	650.00	0.00	650.00	0.00	250.00	400.00	52.00%	20.00%	32.00%	38.46%	61.54%
Total Nokomis House	4,775.00	150.00	4,925.00	2,050.00	575.00	2,300.00	36.89%	19.66%	17.23%	53.30%	46.70%

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Monthly Qualification For Rent Subsidy
Schedule 3

24-Apr-17
8:37 PM

Rental Unit	Base Rent	Tenant Utilities	Gross Rent	Partner Subsidy	RJW Subsidy	Tenant Pd Rent	---Rent as a Percent of--- ---HH Income Before Subsidy--- Gross	Subsidy	Tenant Paid	--Percent of Gross Rent-- Subsidy	Tenant Paid
AHS Managed Properties											
8800 Irving	1,725.00	253.90	1,978.90	0.00	253.90	1,725.00	39.98%	5.13%	34.85%	12.83%	87.17%
8132 Bryant	1,300.00	110.00	1,410.00	1,079.00	221.00	110.00	56.60%	52.19%	4.42%	92.20%	7.80%
7514 Stevens	1,500.00	203.12	1,703.12	0.00	653.12	1,050.00	52.40%	20.10%	32.31%	38.35%	61.65%
7532 Stevens	1,675.00	0.00	1,675.00	1,675.00	0.00	0.00	67.00%	67.00%	0.00%	100.00%	0.00%
Total Single Family	6,200.00	567.01	6,767.01	2,754.00	1,128.01	2,885.00	51.30%	29.43%	21.87%	198.94%	42.63%
317 & 321 5th Ave No											
Unit 1 - 317	1,050.00	20.96	1,070.96	450.00	20.96	600.00	77.89%	34.25%	43.64%	43.98%	56.02%
Unit 2 - 321	1,025.00	125.00	1,150.00	0.00	325.00	825.00	58.67%	16.58%	42.09%	28.26%	71.74%
Total 5th Ave Duplex	2,075.00	145.96	2,220.96	450.00	345.96	1,425.00	66.60%	23.87%	42.73%	35.84%	64.16%
5833 & 5835 Blaisdell											
Unit 1 - 5833	825.00	125.00	950.00	100.00	300.00	550.00	79.17%	33.33%	45.83%	42.11%	57.89%
Unit 2 5833	825.00	140.00	965.00	0.00	325.00	640.00	53.31%	17.96%	35.36%	33.68%	66.32%
Total Blaisdell Duplex	1,650.00	265.00	1,915.00	100.00	625.00	1,190.00	63.62%	24.09%	39.53%	37.86%	62.14%
5680 & 5682 Wood Duck											
Unit 1 - 5680	1,300.00	170.00	1,470.00	0.00	0.00	1,470.00	26.73%	0.00%	26.73%	0.00%	100.00%
Unit 2 - 5682	1,300.00	238.00	1,538.00	0.00	400.00	1,138.00	48.67%	12.66%	36.01%	26.01%	73.99%
Total Wood Duck Duplex	2,600.00	408.00	3,008.00	0.00	400.00	2,608.00	34.73%	4.62%	30.12%	13.30%	86.70%
5626 & 5628 Nicollet											
Unit 1 - 5626	1,100.00	162.00	1,262.00	0.00	300.00	962.00	46.21%	10.98%	35.23%	23.77%	76.23%
Unit 2 - 5628	1,100.00	168.00	1,268.00	0.00	350.00	918.00	70.96%	19.59%	51.37%	27.60%	72.40%
Total Nicollet Duplex	2,200.00	330.00	2,530.00	0.00	650.00	1,880.00	56.00%	14.39%	41.61%	25.69%	74.31%
4417 & 4419 Cedar											
Unit 1 - 4417	1,150.00	150.00	1,300.00	0.00	0.00	1,300.00	30.95%	0.00%	30.95%	0.00%	100.00%
Unit 2 - 4419	1,125.00	150.00	1,275.00	0.00	325.00	950.00	35.55%	9.06%	26.48%	25.49%	74.51%
Total Cedar Duplex	2,275.00	300.00	2,575.00	0.00	325.00	2,250.00	33.07%	4.17%	28.89%	12.62%	87.38%

RJW Foundation
AHS Direct Charitable Activities
Calendar Year 2016

Monthly Qualification For Rent Subsidy
Schedule 3

25-Apr-17
7.22 AM

Rental Unit	Base Rent	Tenant Utilities	Gross Rent	Partner Subsidy	RJW Subsidy	Tenant Pd Rent	---Rent as a Percent of--- ---HH Income Before Subsidy--- Gross	Subsidy	Tenant Paid	--Percent of Gross Rent-- Subsidy	Tenant Paid
Total AHS Owned Properties	**14,425**	**825**	**15,250**	**3,950**	**2,925**	**8,375**	**42.46%**	**19.14%**	**23.32%**	**45.08%**	**54.92%**
Grand Fathered Non-Qualified	(1,675)	(140)	(1,815)	-	-	(1,815)	-24.59%	0.00%	-24.59%	0.00%	100 00%
Total Qualified Tenants	12,750	685	13,435	3,950	2,925	6,560	47.09%	24.10%	22.99%	51.17%	48.83%
Total AHS Managed Properties	**17,000**	**2,016**	**19,016**	**3,304**	**3,474**	**12,238**	**46.95%**	**16.74%**	**30.22%**	**35.64%**	**64.36%**
Grand Fathered Non-Qualified	(2,450)	(320)	(2,770)	-	-	(2,770)	-28.56%	0.00%	-28.56%	0.00%	100 00%
Total Qualified Tenants	14,550	1,696	16,246	3,304	3,474	9,468	52.74%	22.01%	30.74%	41.72%	58 28%
AHS Non-Managed Properties											
8741 Weslyan FL	1,181.00	160.00	1,341.00	0.00	175.00	1,166.00	34.51%	4.50%	30.01%	13.05%	86.95%
17207 Malaga FL	1,170.00	170.00	1,340.00	0.00	400.00	940.00	41.37%	12.35%	29.02%	29.85%	70.15%
2011 7th Ave - IA	550.00	80.00	630.00	0 00	450.00	180.00	42.19%	30.13%	12.05%	71.43%	28.57%
2956 Lafayette ST	750.00	190.00	940.00	0.00	350.00	590.00	54.94%	20.46%	34.48%	37.23%	62.77%
9826 Bernwood Place	765.00	175.00	940.00	0.00	300.00	640.00	41.32%	13.19%	28.13%	31.91%	68.09%
3580 Central Ave	825.00	70.00	895.00	0.00	275.00	620.00	42.82%	13.16%	29.67%	30.73%	69.27%
Total Non Managed Properties	**5,241**	**845**	**6,086**	**0**	**1,950**	**4,136**	**41.42%**	**13.27%**	**28.15%**	**32.04%**	**67.96%**
Total Properties In AHS Program	**36,666**	**3,686**	**40,352**	**7,254**	**8,349**	**24,749**	**44.29%**	**17.13%**	**27.16%**	**38.67%**	**61.33%**
Grand Fathered Non-Qualified	(4,125)	(460)	(4,585)	0	0	(4,585)	-26.84%	0.00%	-26.84%	0.00%	100 00%
Total Qualified Tenants	32,541	3,226	35,767	7,254	8,349	20,164	48.32%	21.08%	27.24%	43.62%	56.38%

RJW INC

Charitable Contribution of 4920 28th Avenue South, Minneapolis MN 55417 to

RJW FOUNDATION

THIS CHARITABLE CONTRIBUTION AGREEMENT ("Agreement") is made as of this 30th day of September, 2016 by and between RJW Inc. ("**RJW INC**"), Revocable Trust of Rodney M. Wilson (**RMW**), Revocable Trust of Jenifer A. Wilson (**JAW**) and the RJW Foundation (**RJW FDN**).

WITNESSETH:

WHEREAS, RJW INC is currently the owner of all Real Estate, Leases, Insurance Contracts and Personal Property located on the premises of Lot 004, Block 010, Pillsbury's Addition to Minnehaha Park with a street address of 4920 28th Avenue South; Minneapolis MN 55417 (**4920 28th**) with a Market Value of **$620,000.00** and a Tax Basis **of $345,411.56** as recorded in **RJW INC**'s financial records at September 30, 2016. **RJW INC** owns **4920 28th** free and clear of any encumbrances, mortgages or liens.

WHEREAS, RJW FDN is a Private Operating Foundation as that term is defined in Section 4642(j)(3) of the Internal Revenue Code **(IRC)** because, as computed on Schedule 1 attached:

1. **It satisfies the Income Test.** In the aggregate, for the four year period including 2013, 2014, 2015 and the current year 2016, **RJW FDN** has spent more than 85% of its Combined Adjusted Net Income:

   "directly in the active conduct of ***its charitable activity of granting "relief to the poor and distressed" as defined in the rule set forth in Reg 1.501(c)(3)-1(d)(2) by providing rental subsidies and services to individuals and their families in an amount necessary to reduce the portion of the rent paid by them to an amount that makes the housing affordable to low-income or very low-income tenants as those terms are defined in the HUD computed and published income limits and set forth on Schedule 2 attached*** (hereinafter named **AHS Charitable Activities**), and

2. **It satisfies the Endowment Test.** In the aggregate, for the four year period including 2013, 2014, 2015 and the current year 2016, **RJW FDN** has made Qualifying Distributions of more than 66.67% of its Minimum Investment Return directly for the active conduct of its **AHS Charitable Activities** division.

WHEREAS, RJW INC, RMW, JAW and **RJW FDN** are all interested in contributing 4920 28th to RJW FDN so that RJW FDN can transfer the facility to its existing direct AHS Charitable Activities division. Such transfer qualifies as a "program-related investment" as defined in section 4944(c) and corresponding regulations and as a "qualifying distribution" as defined in section 4942(g)(1)(B) and corresponding regulations. Under the leadership of the Executive Director of AHS Charitable **Activities** division, **RJW FDN** commits to the following "safe-harbor guidelines" prescribed in Rev Proc. 96-32, Sec 3, 1996-1CB 717:

1. All 16 units owned by **AHS Charitable Activities** division **will be offered only to Tenants who qualify because their actual income is less than HUD low-income guidelines established for Hennepin County MN.**
2. **At least 75% of units (12 units) will actually be occupied by individuals and families who have income less than the HUD low-income guideline, and**
3. **At least 20% of the units (4 units) will actually be occupied by individuals and their families who have income less than the very low-income guideline or 40% of the units (8 units) will be occupied by residents that also do not exceed 120% of the very low-income limit.**
4. **RJW FDN or one of our partners will provide subsidies to the qualified very low-income and low-income tenants in an amount that reduces the rent paid by the tenant to an affordable rent based on those same HUD guidelines.**

WHEREAS, RJW INC is a qualified Subchapter S Corporation that is wholly owned by **RMW and JAW** as of the date of this Contribution Agreement. As the sole shareholders of **RJW INC** they have authorized **RJW INC** to transfer **4920 28th** to **RJW FDN** as a charitable contribution within the meaning of Section 170 of the IRC without the receipt of any consideration or compensation or the retention of any rights or restrictions on the transfer.

WHEREAS, RJW FDN is a not for profit corporation qualified as a Private Operating Foundation under section 501(c)(3), section 509(a) and 4942(j)(3) of the IRC as discussed above. **RMW** and **JAW** are substantial contributors, directors and foundation managers of **RJW FDN** as those terms are defined in section 4946 of the IRC. **RMW** is also President and Treasurer of **RJW FDN.**

NOW, THEREFORE, the parties hereto intending to be legally bound, hereby covenant and agree as follows:

1. ***Charitable Contribution***. **RMW and JAW** as **RJW INC's** sole shareholders hereby authorize and direct the President of **RJW INC** to transfer to **RJW FDN** all of **RJW INC**'s right title and interest in **4920 28th** by executing the Warranty Deed attached as Exhibit A without the receipt of any Consideration or Compensation. Such transfer shall be recorded on the books and records of **RJW INC** as a charitable contribution to **RJW FDN.** The transfer of **4920 28th** includes the assignment of the leases, including all rents receivable and security deposits held as of September 30, 2016, all personal property located on the premises and policies of insurance.

2. ***No Consideration Paid*.** The **RJW FDN** confirms that it has not provided any money, goods or services to **RJW INC, RMW and JAW** in consideration for the receipt of this gift. All parties acknowledge that the intent of the parties is to make a complete unrestricted charitable contribution and gift as those terms are defined in IRC section 170 and the underlying regulations and rulings. All expenses incurred in connection with this transfer and charitable contribution shall be paid for by **RJW INC** without reimbursement. The expenses include appraisal fees, recording fees and other out of pocket expenses.

3. ***Market Value and Tax Basis of 4920 28th.*** The market value of **4920 28th** is \$620,000.00 and the tax basis is \$345,411.56. On September 29, 2016 **RJW INC** engaged WC Lewis of WC Lewis & Associates, a Minnesota Certified Qualified Appraiser to prepare an Appraisal Report of the market value of **4920 28th** as provided for in IRC section 170(f)(11)(C), (E) and (G). His Appraisal Report dated November 7, 2016 is attached as Exhibit B.

4. ***Program-Related Investment.*** Subsequent to the receipt of the contribution of **4920 28th** **RJW FDN** covenants and agrees to transfer and assign **4920 28th** to its Affordable Housing Services direct charitable activity described above. It covenants that all units in the six unit property will be leased to individuals that qualify for rental subsidies and services from **RJW FDN** or government agencies and or there contractors who provide subsidies to low-income or disabled tenants in amount that brings the tenant paid portion of rental charges to an amount commensurate with the affordability guidelines published by HUD for very low-income or low-income individuals and their families.

5. ***Protective Election to treat 2016 Qualifying Distributions as made out of Corpus.*** **RJW FDN** hereby agrees to make Qualifying Distributions during the year 2016 in an amount in excess of all cash and property contributions made to it during the year 2016 and to make the election prescribed in 53.4942(a)-3(c)(2) to designated such Qualifying Distributions as made out of corpus in an amount necessary to satisfy the requirement of IRC Section 170(b)(1)(F) so that the contribution of **4920 28th** will qualify for the 50% limit on deductions and will not be subject to the section 170(e)(1)(B)ii limitations. This protective election is to be made to protect the qualification in the event that the foundation loses its designation as a Private Operating Foundation.

6. ***Income Tax Reporting*.** **RJW INC** agrees to report this charitable contribution as a separately stated item under Sections 1366(a)(1)(A) and 702(a)(4) of the IRC. The market value of **4920 28th** exceeds its tax basis. Pursuant to section 1367(a)(2) and Rev Rul. 96-11, **RJW INC** agrees to reduce the tax basis of stock owned by **RMW and JAW** by the tax basis of **4920 28th** notwithstanding that the charitable deduction amount is the market value of **4920 28th**. **RJW INC, RMW and JAW** agree to report the charitable contribution deduction as a contribution to a Private Operating Foundation that qualifies as a "50%

charity under section 170(b)(1)(F)" Since **4920 28th** is a Capital Gain property the percentage limitation that applies is the 30% limit set forth in section 170(b)(1)(C). The reduction of the Contribution amount to its tax basis under section 170(e)(1)(B)(ii) does not apply for the same reason.

7. ***Substantiation Requirements*.** RJW INC, RMW, JAW and RJW FDN agree to follow all substantiation requirements listed in Section 170(f)(11)(C) and (E) related to Appraisal and Reporting of contributions of property with a value of more than $5,000. These requirements include the filing of Form 8283 and the completion of Section B of said Form. The detailed requirements outlined IRS Publication 526 shall be followed to support the deductibility of the charitable contribution of the **4920 28th** property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

RJW, Inc.:
Shareholders 1,000 shares outstanding:
Owner of 500 shares (50%)-
RMW Revocable Trust

Rodney M Wilson, Trustee and Grantor

Michael A Wilson, Trustee

Owner of 500 shares (50%) of common stock-
JAW Revocable Trust

Rodney M Wilson, Trustee

Michael A Wilson, Trustee

Jennifer A Wilson, Grantor

RJW Inc
Board of Directors & Officers

Rodney M Wilson, Chairman & CEO

Michael A Wilson, Director & President

RJW Foundation:

Rodney M. Wilson, Substantial Contributor, Director, President & Treasurer

Jennifer A Wilson, Substantial Contributor and Director