

AAHC - Tax Credit Properties

Financial Statement Highlights
For the Period Ending June 30, 2018

Below is a summary of the financial activity for Maple Tower, River Run and West Arbor LDHA for the first half of FY18, ending June 30, 2018.

| MAPLE TOWER LDHA | YTD Actual | YTD Budget | YTD Variance |
|------------------------|------------|------------|--------------|
| Total Revenue | 554,189 | 526,590 | 27,599 |
| Total Expenses | 708,497 | 798,426 | 89,929 |
| Total Net Income | (154,308) | (271,836) | 117,528 |
| NOI less non-operating | 75,727 | 68,492 | 7,235 |

YTD Debt Service Coverage Ratio (>1.15) = 1.27

Revenue:

- The Revenue for the property is higher than budgeted and occupancy is stable.

Expenses:

- Total **Administrative Expenses** overall are right on budget with individual expense line items (i.e. general legal expenses, auditing fees, consultants, etc.) being slightly higher than budget, while others (such as property management, telecommunications and misc admin expenses) are lower than budgeted, resulting in the positive variance. Auditing Fees are expected to remain higher than budget due to an invoice for additional services from Plante & Moran, the prior year auditors, which related to prior year activities/issues.
- Tenant Services** expenses are higher than budget but are expected to be in line with budget by fiscal year end.
- Utility Expenses** are higher than budget. This is mainly due to a quarterly water bill from the prior year having been recorded in this fiscal year but is also related to seasonality.
- Maintenance Expenses** are higher than budgeted partly due to higher unit turn costs as well as asbestos abatement expenses.
- General Expenses** are significantly below budget. This is due to the receipt of an insurance payout/advance in the amount of \$121,279 related to the February 2018 fire at Miller Manor. The proceeds were recorded as a "negative" expense in a contra-expense account which is included in the General Expense category.
- Financing Expenses** and **Non-Operating Items** are in line with budget and represent the mortgage interest expense for the permanent financing as well as depreciation expense.

| RIVER RUN LDHA | YTD Actual | YTD Budget | YTD Variance |
|------------------------|------------|------------|--------------|
| Total Revenue | 440,588 | 424,656 | 15,932 |
| Total Expenses | 646,525 | 630,225 | (16,300) |
| Total Net Income | (205,937) | (205,569) | (368) |
| NOI less non-operating | 27,546 | 27,923 | (377) |

YTD Debt Service Coverage Ratio (>1.15) = 1.48

Revenue:

- The Revenue for the property is higher than budgeted and occupancy is stable.

Expenses:

- Total **Administrative Expenses** are significantly below budget which is mainly due to lower than budgeted property management salary allocations.
- Tenant Services** expense are below budget.
- Utility Expenses** are slightly higher than budget, mainly due to seasonality.
- Maintenance Expenses** are higher than budgeted due to increased unit turn and asbestos abatement costs.
- General Expenses** are over budget due to unbudgeted security/law enforcement expenses.
- Financing Expenses** and **Non-Operating Items** represent the mortgage interest and depreciation expenses and are both in line with budget.

| WEST ARBOR LDHA | YTD Actual | YTD Budget | YTD Variance |
|------------------------|------------|------------|--------------|
| Total Revenue | 322,421 | 318,480 | 3,941 |
| Total Expenses | 463,249 | 478,763 | 15,514 |
| Total Net Income | (140,828) | (160,283) | 19,455 |
| NOI less non-operating | 117,330 | 97,879 | 19,451 |

YTD Debt Service Coverage Ratio (>1.15) = 1.45

Revenue:

- The Revenue for the property is right on budget and occupancy is stable.

Expenses:

- Total **Administrative Expenses** are below budget mostly due to timing differences for several expense line items, but also due to lower than budgeted Administrative salaries.
- Tenant Services** remain below budget.
- Utilities** are slightly below budget.
- Total **Maintenance Expenses** are slightly over budget.
- Financing Expenses** and **Non-Operating Items** represent the mortgage interest and depreciation expenses and are both in line with budget.