

AAHC - Tax Credit Properties

Financial Statement Highlights For the Period Ending September 30, 2018

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

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	832,419	789,885	42,534
Total Expenses	1,092,493	1,192,147	99,654
Total Net Income	(260,074)	(402,262)	142,188
NOI less non-operating	120,753	107,202	13,551

YTD Debt Service Coverage Ratio (>1.15) = 1.35

Revenue:

- The Revenue for the property is higher than budgeted. Occupancy remains stable and we were required to budget a 7% vacancy loss which is well above our actual vacancy rate of 4%.

Expenses:

- Total **Administrative Expenses** overall are slightly below budget with individual expense line items (i.e. general legal expenses, auditing fees, consultants, etc.) being higher than budget, while others (such as property management, misc admin expenses, etc.) 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 budgeted due to unbudgeted Tenant Service Contract Costs for Comcast.
- 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 \$139,627 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	663,319	636,984	26,335
Total Expenses	986,839	936,844	(49,995)
Total Net Income	(323,520)	(299,860)	(23,660)
NOI less non-operating	35,919	49,428	(13,509)

YTD Debt Service Coverage Ratio (>1.15) = 1.29

Revenue:

- The Revenue for the property is higher than budgeted because occupancy remains stable. We were required to budget a 7% vacancy loss which is well above our actual vacancy rate of 3%.

Expenses:

- Total **Administrative Expenses** remain lower than budget which is mainly due to lower than budgeted property management salary allocations. Total audit fees are expected to remain higher than budgeted due to several auditor invoices that relate to prior years.
- Tenant Services** expense are below budget.
- Utility Expenses** are slightly higher than budget, mainly due to seasonality, but also due to a quarterly water bill for the prior year that was recorded in the current fiscal year.
- 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	488,577	477,720	10,857
Total Expenses	694,899	714,714	19,815
Total Net Income	(206,322)	(236,994)	30,672
NOI less non-operating	180,751	150,086	30,665

YTD Debt Service Coverage Ratio (>1.15) = 1.49

Revenue:

- The Revenue for the property is higher than budgeted because occupancy remains stable and we were required to budget a 7% vacancy loss which is well above our actual vacancy rate. There are currently no vacant units.

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 below budget.
- Total **Maintenance Expenses** are only slightly higher than budget.
- Financing Expenses** and **Non-Operating Items** represent the mortgage interest and depreciation expenses and are both in line with budget.