

AAHC - Tax Credit Properties

Financial Statement Highlights
For the Period Ending December 31, 2019
***** UNAUDITED *****

Below is a summary of the financial activity for Maple Tower, River Run and West Arbor LDHA for the fiscal year ending December 31, 2019.

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	1,242,591	1,170,510	72,081
Total Expenses	1,778,564	1,708,143	(70,421)
Total Net Income	(535,973)	(537,633)	1,660
NOI less non-operating	140,711	138,679	2,032

YTD Debt Service Coverage Ratio (>1.15): **1.18**
 Replacement Reserve Balance: **\$146,682**
 Operating Reserve Balance: **\$276,325**

Revenue:

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

Expenses:

- Total **Administrative Expenses** overall are higher than budget. Temporary Help, Legal Expenses auditing fees and management fees are over budget while the Contract Property Management Overtime and Consultant expenses are below budget. Legal expenses are higher than budget due to increased rent collection efforts. Management Fees are higher than budget because they are based on total revenue which is also higher than budget (as indicated above).
- Utility Expenses** are lower than budget.
- Maintenance Expenses** are higher than budget due to higher-than-budgeted Building Repairs Contract costs (replacement of an ADA shower in a unit), Sewer Backup, elevator contract expenses, electrical contract costs and unit turn expenses.
- General Expenses** are higher than budgeted due to higher insurance renewal costs than originally budgeted. Insurance was switched to a new carrier with broader coverage.
- 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	1,100,314	1,013,388	86,926
Total Expenses	1,499,863	1,434,335	(65,528)
Total Net Income	(399,549)	(420,947)	21,398
NOI less non-operating	67,815	42,839	24,976

YTD Debt Service Coverage Ratio (>1.15): **1.83**
 Replacement Reserve Balance: **\$254,350**
 Operating Reserve Balance: **\$216,112**

Revenue:

- The Revenue for the property is higher than budgeted and occupancy remains stable. We were required to budget a 7% vacancy loss which is well above our actual vacancy rate. There were no vacant units for the month of October 2019.

Expenses:

- Total **Administrative Expenses** are higher than budget - mainly due to unbudgeted temporary help and higher than budgeted Property Management salaries, legal and audit fee expenses. Legal Fees are higher due to increased rent collection efforts.
- Utility Expenses** are below budget. The transfer of tenant utilities into the property's name has not been a smooth one, and the utility vendors have still not completed the conversion. For that reason, a portion of the utilities has been estimated (mainly electric).
- Maintenance Expenses** are higher than budget due to higher overall Supply costs as well as higher Building Repairs Contract, Grounds Contract, HVAC Contract, Elevator Contract and Plumbing Contract costs. Unit Turn contract costs are significantly below budget for this year.
- General Expenses** are lower than budgeted overall due to lower than budgeted security 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	710,171	646,786	63,385
Total Expenses	1,031,975	972,432	(59,543)
Total Net Income	(321,804)	(325,646)	3,842
NOI less non-operating	191,842	187,990	3,852

YTD Debt Service Coverage Ratio (>1.15): **1.19**
 Replacement Reserve Balance: **\$72,364**
 Operating Reserve Balance: **\$211,781**

Revenue:

- The Revenue for the property is higher than budgeted and occupancy remains stable. We were required to budget a 7% vacancy loss which is well above our actual vacancy rate. There were no vacant units for September, October and November 2019.

Expenses:

- Total **Administrative Expenses** are higher than budget - mainly due to administrative salaries, temp help and audit fees, but also due to higher-than-budgeted Management Fees. Management fees are based on total revenue and are higher due to the higher revenue.
- Utilities** are over budget. Estimates have been used for electric and gas due to some billing issues with DTE related to one of the properties' buildings.
- Total **Maintenance Expenses** are higher than budget as a result of higher than budgeted unit turn costs, particularly due to replacement flooring in 4 & 5 bedroom apartments, as well as higher Building Repairs Contract costs for the installation of an ADA compliant door in the Community Center and HVAC Contract costs.
- General Expenses** are in line with budget.
- Financing Expenses** and **Non-Operating Items** represent the mortgage interest and depreciation expenses and are both in line with budget.