

AAHC - Tax Credit Properties

Financial Statement Highlights
For the Period Ending June 30, 2019

Below is a summary of the financial activity for Maple Tower, River Run and West Arbor LDHA for the second quarter of the FY19 fiscal year ending June 30, 2019.

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	627,278	585,506	41,772
Total Expenses	866,089	854,876	(11,213)
Total Net Income	(238,811)	(269,370)	30,559
NOI less non-operating	99,770	68,895	30,875

YTD Debt Service Coverage Ratio (>1.15): **1.68**
Replacement Reserve Balance: **\$133,886**
Operating Reserve Balance: **\$275,799**

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.

Expenses:

- Total **Administrative Expenses** overall are only slightly higher than budget. Auditing fees are over budget which is mainly a timing difference and is expected to be largely in line with budget by year-end.
- **Utility Expenses** are below budget. The switch-over 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 fair portion of the utilities (electric and gas only) have been estimated.
- **Maintenance Expenses** are higher than budget due to higher-than-budgeted Sewer Backup, elevator contract expenses and unit turn expenses.
- **General Expenses** are slightly 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	553,959	506,694	47,265
Total Expenses	724,381	718,196	(6,185)
Total Net Income	(170,422)	(211,502)	41,080
NOI less non-operating	63,406	20,503	42,903

YTD Debt Service Coverage Ratio (>1.15): **3.41**
Replacement Reserve Balance: **\$283,922**
Operating Reserve Balance: **\$215,670**

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.

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. Audit fees are expected to come largely in line with budget by fiscal year end.
- **Utility Expenses** are below budget. The switch-over 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.
- **Maintenance Expenses** are higher than budget due to higher Elevator Contract and Plumbing 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.

WEST ARBOR LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	357,312	323,394	33,918
Total Expenses	520,463	487,334	(33,129)
Total Net Income	(163,151)	(163,940)	789
NOI less non-operating	93,898	92,893	1,005

YTD Debt Service Coverage Ratio (>1.15): **1.16**
Replacement Reserve Balance: **\$64,732**
Operating Reserve Balance: **\$211,387**

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.

Expenses:

- Total **Administrative Expenses** are higher than budget - mainly due to audit fee expenses which are expected to come more in line with the annual budget by fiscal year end.
- **Utilities** are slightly 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.