

AAHC - Tax Credit Properties

**Financial Statement Highlights
For the Period Ending October 31, 2019**

Below is a summary of the financial activity for Maple Tower, River Run and West Arbor LDHA for the ten months ending October 31, 2019.

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	1,031,946	975,510	56,436
Total Expenses	1,448,480	1,423,720	(24,760)
Total Net Income	(416,534)	(448,210)	31,676
NOI less non-operating	147,618	115,565	32,053

YTD Debt Service Coverage Ratio (>1.15): **1.49**
 Replacement Reserve Balance: **\$139,057**
 Operating Reserve Balance: **\$276,193**

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 in line with budget. Legal Expenses, auditing fees and management fees are over budget while the Investor Asset Management fees and Consultant expenses are below budget. Some of the variances are related to timing differences (i.e. Investor Asset Management Fee), but others, such as legal expenses are higher due to increased rent collection efforts. Management Fees are higher than budget because they are based on total revenue which is also higher than budgeted (as indicated above).
- Utility Expenses** are lower than budget.
- Maintenance Expenses** are higher than budget due to higher-than-budgeted Sewer Backup, elevator contract expenses, electrical contract costs 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	918,095	844,490	73,605
Total Expenses	1,198,844	1,195,616	(3,228)
Total Net Income	(280,749)	(351,126)	70,377
NOI less non-operating	108,920	35,550	73,370

YTD Debt Service Coverage Ratio (>1.15): **3.52**
 Replacement Reserve Balance: **\$246,447**
 Operating Reserve Balance: **\$216,001**

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 significant portion of the utilities has been estimated (electric and gas only).
- Maintenance Expenses** are higher than budget due to higher Elevator Contract and Plumbing Contract and Grounds contract costs. Unit Turn contract costs are significantly below budget for this year.
- General Expenses** are largely 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	593,810	538,990	54,820
Total Expenses	860,637	810,726	(49,911)
Total Net Income	(266,827)	(271,736)	4,909
NOI less non-operating	161,361	156,319	5,042

YTD Debt Service Coverage Ratio (>1.15): **1.20**
 Replacement Reserve Balance: **\$69,886**
 Operating Reserve Balance: **\$211,696**

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 and October 2019.

Expenses:

- Total **Administrative Expenses** are slightly higher than budget - mainly due to administrative salaries 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 higher than 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.