

AAHC - Tax Credit Properties

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

Below is a summary of the financial activity for Maple Tower, River Run and West Arbor LDHA for the eighth month of the FY19 fiscal year ending August 31, 2019.

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	835,107	780,508	54,599
Total Expenses	1,154,234	1,139,298	(14,936)
Total Net Income	(319,127)	(358,790)	39,663
NOI less non-operating	132,256	92,230	40,026

YTD Debt Service Coverage Ratio (>1.15): **1.67**
 Replacement Reserve Balance: **\$131,474**
 Operating Reserve Balance: **\$276,013**

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. Management fee expenses are also higher than budgeted which is the result of higher than budgeted revenues.
- 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	737,612	675,592	62,020
Total Expenses	972,183	956,906	(15,277)
Total Net Income	(234,571)	(281,314)	46,743
NOI less non-operating	77,182	28,027	49,155

YTD Debt Service Coverage Ratio (>1.15): **3.12**
 Replacement Reserve Balance: **\$291,983**
 Operating Reserve Balance: **\$215,850**

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 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 costs.
- 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	481,175	431,192	49,983
Total Expenses	689,628	649,030	(40,598)
Total Net Income	(208,453)	(217,838)	9,385
NOI less non-operating	134,191	107,927	26,264

YTD Debt Service Coverage Ratio (>1.15): **1.24**
 Replacement Reserve Balance: **\$67,304**
 Operating Reserve Balance: **\$211,567**

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 slightly higher than budget - mainly due to administrative salaries and audit fees which are expected to come more in line with the annual budget by fiscal year end.
- 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.