

AAHC - Tax Credit Properties

**Financial Statement Highlights
For the Period Ending September 30, 2019**

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

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	938,086	878,009	60,077
Total Expenses	1,295,912	1,281,509	(14,403)
Total Net Income	(357,826)	(403,500)	45,674
NOI less non-operating	149,945	103,898	46,047

YTD Debt Service Coverage Ratio (>1.15): **1.68**
 Replacement Reserve Balance: **\$135,054**
 Operating Reserve Balance: **\$276,105**

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 only slightly higher than 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	828,559	760,041	68,518
Total Expenses	1,071,192	1,076,261	5,069
Total Net Income	(242,633)	(316,220)	73,587
NOI less non-operating	108,081	31,788	76,293

YTD Debt Service Coverage Ratio (>1.15): **3.88**
 Replacement Reserve Balance: **\$242,072**
 Operating Reserve Balance: **\$215,927**

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** 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	538,137	485,091	53,046
Total Expenses	780,154	729,878	(50,276)
Total Net Income	(242,017)	(244,787)	2,770
NOI less non-operating	143,405	140,463	2,942

YTD Debt Service Coverage Ratio (>1.15): **1.18**
 Replacement Reserve Balance: **\$68,489**
 Operating Reserve Balance: **\$211,643**

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** 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.