

**AAHC - Tax Credit Properties**

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

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

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	733,181	683,007	50,174
Total Expenses	1,018,094	997,087	(21,007)
Total Net Income	(284,913)	(314,080)	29,167
NOI less non-operating	110,073	80,563	29,510

YTD Debt Service Coverage Ratio (>1.15): **1.59**  
 Replacement Reserve Balance: **\$137,698**  
 Operating Reserve Balance: **\$275,918**

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 slightly higher than budget.
- 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	645,312	591,143	54,169
Total Expenses	841,278	837,551	(3,727)
Total Net Income	(195,966)	(246,408)	50,442
NOI less non-operating	76,826	24,265	52,561

YTD Debt Service Coverage Ratio (>1.15): **3.55**  
 Replacement Reserve Balance: **\$287,997**  
 Operating Reserve Balance: **\$215,770**

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	422,729	377,293	45,436
Total Expenses	604,624	568,182	(36,442)
Total Net Income	(181,895)	(190,889)	8,994
NOI less non-operating	117,957	108,750	9,207

YTD Debt Service Coverage Ratio (>1.15): **1.25**  
 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.