AAHC - Tax Credit Properties

Financial Statement Highlights
For the Period Ending September 30, 2020

Below is a summary of the financial activity for Maple Tower, River Run, West Arbor and Swift Lane LDHA for the three quarters of the FY20 fiscal year ending September 30, 2020.

MAPLE TOWER LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	1,082,857	911,439	171,418
Total Expenses	1,327,668	1,311,039	(16,629)
Total Net Income	(244,811)	(399,600)	154,789
NOI less non-operating	129,429	106,758	22,671

YTD Debt Service Coverage Ratio (>1.15): 1.45
Replacement Reserve Balance: $181,449
Operating Reserve Balance: $276,546

Revenue:
- The Revenue for the property is higher than budgeted and occupancy remains stable. The higher revenue is in part due to the recognition of DDA and AAHF funding for Miller Manor and Maple Meadows that was received through AAHC to cover capital expenses at those properties. The grant revenue covered a new tenant entry system and common area flooring replacements at Miller Manor as well as the installation of a new security camera system and parking lot resurfacing at Maple Meadows. Most of these projects have been capitalized.

Expenses:
- Total **Administrative Expenses** overall are slightly below budget mainly due to lower-than-budgeted General Legal Expenses.
- **Tenant Services Expenses** are higher than budgeted due to the purchase of new lobby chairs as well as replacement partitions for the community room at Miller Manor.
- **Utility Expenses** are higher than budgeted mainly due to seasonal increases for electric expenses. We expect this overage to come back in line with budget by fiscal year end.
- **Maintenance Expenses** overall are over budget. There are many favorable variances to budget (i.e. lower general maintenance expenses incl. temporary labor, maintenance wages and overtime as well as lower material expenses and unit turn costs. Reduced costs were also due to a 2 month delay for routine work orders because of COVID-19. Maintenance started responding to routine work orders again and is fully operational.
  The main reason for the budget overage is the variance in Grounds Contract Costs which represents the repaving of the parking lot at the S. Maple location. This expense is off-set by the grant revenue mentioned in the revenue section above.
- **General Expenses** are in line with budget.
- **Financing Expenses** are below budget because the January 2020 mortgage payment was taken out of the bank account early (in December 2019) by the lender, Cinnaire, and was, therefore, recorded in December 2019.
- **Non-Operating Items** represent the depreciation expense which is in line with budget.

RIVER RUN LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	813,207	803,367	9,840
Total Expenses	1,057,050	1,111,294	54,244
Total Net Income	(243,843)	(307,927)	64,084
NOI less non-operating	116,009	49,004	67,005

YTD Debt Service Coverage Ratio (>1.15): 4.16
Replacement Reserve Balance: $289,619
Operating Reserve Balance: $216,297

Revenue:
- The revenue for the property is higher than budgeted and occupancy remains stable.

Expenses:
- Total **Administrative Expenses** overall are slightly below budget mainly due to lower-than-budgeted General Legal Expenses.
- **Utility Expenses** overall are below budget which is mainly due to timing differences between invoices and budget.
- **Maintenance Expenses** are below budget overall mainly as a result of lower-than-budgeted General Maintenance expenses (including temporary labor, salaries and overtime) as well as lower appliance costs and Unit Turn expenses. Reduced costs were due to a 2 month delay for routine work orders because of COVID-19.
  Maintenance started responding to routine work orders again and is fully operational.
- **General Expenses** are in line with budget.
- **Financing Expenses** are below budget because the January 2020 mortgage payment was taken out of the bank account early (in December 2019) by the lender, Cinnaire, and was, therefore, recorded in December 2019.
- **Non-Operating Items** represent the depreciation expense which is sligtly higher than budgeted due to the addition of a few capital improvments that were recently added and are now being depreciated.

WEST ARBOR LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	531,359	514,044	17,315
Total Expenses	726,657	755,531	28,874
Total Net Income	(195,298)	(241,487)	46,189
NOI less non-operating	188,460	142,957	45,503

YTD Debt Service Coverage Ratio (>1.15): 1.55
Replacement Reserve Balance: $83,637
Operating Reserve Balance: $211,926

Revenue:
- The Revenue for the property is higher than budgeted and occupancy remains stable.

Expenses:
- Total **Administrative Expenses** overall are slightly below budget mainly due to lower-than-budgeted General Legal Expenses.
- **Utilities** are slightly below budget - mainly due to timing differences between invoices and budget
- **Maintenance Expenses** are below budget overall mainly as a result of lower-than-budgeted General Maintenance expenses (including temporary help, salaries and overtime).
  Reduced costs were also due to a 2 month delay for routine work orders because of COVID-19.
  Maintenance started responding to routine work orders again and is fully staffed and fully operational.
- **General Expenses** are in line with budget.
- **Financing Expenses** and **Non-Operating Items** represent the mortgage interest and deprecation expenses and are both in line with budget.

SWIFT LANE LDHA	YTD Actual	YTD Budget	YTD Variance
Total Revenue	165,132	587,349	(422,217)
Total Expenses	39,817	398,218	358,401
Total Net Income	125,315	189,131	(63,816)

Please note: Swift Lane is currently still under development and, therefore, not operational yet.

Revenue:
- Actual revenue for the property represent RAD rehab vacancy payments to the property while it is under construction.

Expenses:
- Expenses are limited while the property is under development.
  The negative expense of $91,678 in Operating Transfers-IN represents the HUD CFP funding to cover vacancies during development of the project for FY19 but we did not receive until until January 2020 in FY20.