



OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department
Committee, Agency, Corporation, Quasi-Municipal
Corporation, or Sub-unit thereof.

Community Development Authority Finance Committee

A. Witt, R. Wagner, S. Napgezek

550 E. Thomas Street

7:30am, Wednesday, March 11, 2015

Meeting:

Members:

Location:

Date/Time:

AGENDA ITEMS FOR CONSIDERATION (Note: All agenda items may be acted upon)

1. Call Meeting to Order
2. Approval of 11/5/2014 Minutes
3. Review of CDA Accounts and Capital Funds
4. Review of 2014 Fourth Quarter Financials
5. 2014 Audit Update
6. Adjourn

Andy Witt
Committee Chairperson

Questions regarding this agenda may be directed to the
Community Development Authority Office
@ (715) 261-6687.

This Notice was posted at City Hall and faxed to the Wausau Daily Herald newsroom
on 3/2/15 @ 10:00 am

Please note that, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids & services. For information or to request this service, contact the City Clerk, at 407 Grant Street, Wausau WI 54403 or Ph# (715) 261-6620.

Others Distribution:: Media, WSD-Admin, -Alderspersons, Mayor,

COMMUNITY DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES

11/05/14

MEMBERS PRESENT: Andy Witt, Romey Wagner, Sarah Napgezek

MEMBERS ABSENT:

OTHERS PRESENT: Juli Birkenmeier, Betty Noel, Ann Werth

(1) Call Meeting to Order

Meeting was called to order at 7:33 am in the WCDA Boardroom at 550 E. Thomas Street, Wausau, Wisconsin.

(2) Approval of Minutes

Wagner moved to approve the minutes from 08/13/2014. Napgezek seconded the motion. Motion approved unanimously.

(3) Review of CDA Accounts and Capital Funds

Noel reviewed the monthly balances through the end of October and noted that there have been no significant changes. She said that due to Associated Bank's low interest rates, we are continuing to transfer funds out of Associated Bank on an as-needed basis.

Noel then reviewed a Capital Fund Recap stating that the 2012 Capital Fund has now been fully expended and obligations and expenditures for the 2013 and 2014 Capital Fund grants are on track to meet all deadlines. She said that HUD has not yet released any specific details for the 2015 grant but expects to hear more in the first quarter of the year.

(4) Review of 2014 Third Quarter Financials

Noel reviewed the third quarter financial statements and summary for the WCDA's budgeted programs. She said that Tenant Revenue exceeds budget due to improved occupancy for both the Scattered Sites and Riverview Terrace. She said Other Revenue is also more than anticipated due to higher Capital Fund Operations and Operating Subsidy income, however the Operating Subsidy income is partially offset by the subsidy transfer to RVT LLC, reflected on the Other Expense line. She reported that the Tenant Service Expense is directly related to lower than expected VNA and Meal costs due to the fact that neither of those contracts had been finalized at the time of budget preparation.

Noel then reviewed the third quarter financials and summary for RVT LLC stating that Tenant Revenue is also higher than budgeted due to the increased occupancy following the project completion. She said Other Revenue is under budget which is directly related to the Operating Subsidy allocation which had not been determined at time of budgeting. She reported that Administrative Expenses were over budget due to an unexpected Baker-Tilly accounting expense and added that Other Expenses were over budget primarily due to a liability insurance expense

and a large compliance monitoring fee paid to WHEDA. Noel said going forward; an allowance will be made for these expenses in the 2015 budget. She concluded by reporting that the income before depreciation was \$530.

(5) 2015 Budgets

Noel presented the 2015 RVT LLC budget stating that it allows for increased tenant revenue as occupancy remains high. She said she continues to work closely with Hawkins Ash and HUD to determine an Operating Subsidy budget number. Noel stated that although this will be the second year that RVT LLC has been a stand-alone entity, the budget process remains to be a bit of a challenge and a future budget revision may be necessary.

Noel also presented the 2015 Riverview Terrace budget stating that it also allows for increased tenant revenue based on improved occupancy levels and decreased Tenant Services Expense relative to tangible VNA and meal costs.

Lastly, Noel presented the 2015 Public Housing budget stating an allowance for increased tenant revenue and reiterated that the Operating Subsidy allocation may change once there has been further guidance from HUD. Noel was pleased to say that we have already been billed for some of our 2014 insurance from the City which has been very helpful in forecasting 2015 insurance costs.

Napgezek moved to recommend the adoption of the 2015 RVT LLC, Riverview Terrace, and Public Housing budgets to the full commission. Wagner seconded. Motion approved unanimously.

(6) Adjourn

With no other action to come before the Finance Committee Wagner made a motion to adjourn and Napgezek seconded.

Respectfully Submitted,

Andy Witt
Chairperson

COMMUNITY DEVELOPMENT AUTHORITY
CAPITAL FUND PROGRAM
WI39H200039
As of 02/28/2015

FUND #	GRANT AMOUNT	OBLIGATION START	OBLIGATION END	OBLIGATION BALANCE	DISBURSEMENT END	DISBURSEMENT BALANCE
501-13	\$ 183,141	09/09/2013	09/08/2015	\$ 85,268.30	09/08/2017	\$ 121,828.30
501-14	\$ 176,073	05/13/2014	05/12/2016	\$ 167,822.24	05/12/2018	\$ 167,822.24
501-15	\$ 174,104	04/13/2015	04/12/2017	\$ 174,104.00	04/12/2019	\$ 174,104.00
						\$ 463,754.54

CFP 2013 BUDGET DETAIL

Operations		\$	58,000.00
Management Improvements	Staff Training, Housing Software Upgrade & Support	\$	5,100.00
Administration		\$	668.93
Audit		\$.00
Fees/Costs	Architectural/Consultant Services	\$	14,117.50
Site Improvements	Landscaping, Concrete/Driveway Repair/Replacement	\$	8,060.18
Dwelling Structures	Boiler Upgrade, Gutter Installation	\$	1,166.89
Non-Dwelling Structures	Garage Brick Moulding Repairs/Replacements, Service Door Replacements, HVAC Repair	\$	86,051.78
Non-Dwelling Equipment	Computer Equipment/Office & Maintenance Equipment	\$	9,975.72
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	CFP 2013 Grant Total	\$	183,141.00

CFP 2014 BUDGET DETAIL

Operations		\$	50,000.00
Management Improvements	Training, Software Support	\$	5,000.00
Administration		\$	4,000.00
Audit		\$	1,000.00
Fees/Costs	Architectural/Consultant Services	\$	17,000.00
Site Improvements	Landscaping, Driveway Repair/Replacement, Painting	\$	13,500.00
Dwelling Structures	Scattered Site Unit Modernization, Deck/Balcony Repair Closet Repairs, Kitchen & Bath Upgrades	\$	54,573.00
Dwelling Equipment	Appliances	\$	2,000.00
Non-Dwelling Structures	Garage Repairs/Replacements, Cabinetry Install	\$	23,000.00
Non-Dwelling Equipment	Office & Maintenance Equipment	\$	6,000.00
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	CFP 2014 Grant Total	\$	176,073.00

CFP 2015 BUDGET DETAIL

Operations		\$	50,000.00
Management Improvements	Staff Training, Software Support & Upgrades	\$	3,600.00
Administration		\$	2,000.00
Audit		\$.00
Fees/Costs	Architectural/Consultant Services	\$	12,000.00
Site Improvements	Landscaping, Driveway/Parking Repair, Mailbox Replacements	\$	8,000.00
Dwelling Structures	Scattered Site Unit Modernization, Siding & Roof Repairs	\$	88,304.00
Dwelling Equipment	Appliance Replacements	\$	3,200.00
Non-Dwelling Structures	Garage/Office Modernization	\$	3,000.00
Non-Dwelling Equipment	Office & Maintenance Equipment	\$	4,000.00
	CFP 2015 Grant Total	\$	174,104.00

COMMUNITY DEVELOPMENT AUTHORITY
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2014

	2014 QUARTERLY	2014 YTD	2014 BUDGET	2013 YTD
TTL TENANT REV	\$64,579.32	\$259,094.64	\$235,375.00	\$238,540.00
TTL OTHER REV	\$215,845.16	\$825,268.11	\$634,380.00	\$534,833.70
TOTAL REVENUE	\$280,424.48	\$1,084,362.75	\$869,755.00	\$773,373.70
TTL ADMIN EXP	\$53,032.60	\$199,401.74	\$201,621.00	\$166,576.65
TTL TENANT SRVC EXP	\$107,215.89	\$331,655.24	\$356,000.00	\$322,034.89
TTL UTILITY EXP	\$24,632.40	\$68,656.03	\$70,700.00	\$65,092.93
TTL MAINTENANCE EXP	\$40,195.38	\$136,588.54	\$147,745.00	\$127,965.92
TTL PROTECTIVE SRVC EXP	(\$708.99)	\$2,874.14	\$4,400.00	\$3,612.69
TTL OTHER EXP	\$73,463.43	\$132,141.57	\$38,650.00	\$84,121.21
TTL EXTRA/CASUALTY EXP	\$0.00	\$2,055.00	\$6,200.00	\$11,999.77
TOTAL OPERATING EXPENSES	\$297,830.71	\$873,372.26	\$825,316.00	\$781,404.06
INCOME/(LOSS) BEFORE DEPRECIATION	(\$17,406.23)	\$210,990.49	\$44,439.00	(\$8,030.36)
DEPRECIATION EXP	\$80,735.88	\$367,250.88	\$371,500.00	\$382,028.39
NET INCOME/(LOSS)	(\$98,142.11)	(\$156,260.39)	(\$327,061.00)	(\$390,058.75)

COMMUNITY DEVELOPMENT AUTHORITY
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2014

Wausau Community Development Authority - Entity Wide
Income Statement
December 31, 2014

█ = Voucher, Redevelopment, and Business Activities I & II

	2014 Quarterly	2014 YTD	2014 Budget	2013 Quarterly	2013 YTD	2013 Budget
REVENUES						
Tenant Revenue						
'3420 Tenant Revenues - Rent	64,371.00	258,686.32	235,100.00	64,198.00	238,240.00	228,635.00
'3420 Tenant Revenues - Rent	0.00	0.00	0.00	0.00	0.00	0.00
Housing Assistance Pymt	0.00	0.00	0.00	0.00	0.00	0.00
Housing Assistance Pymt	0.00	0.00	0.00	0.00	0.00	0.00
'3421 Tenant Rent - Vacancy Loss	0.00	0.00	0.00	0.00	0.00	0.00
'3421 Tenant Rent - Vacancy Loss	0.00	0.00	0.00	0.00	0.00	0.00
'3422 Tenant Revenue - excess utilities	208.32	408.32	275.00	75.00	300.00	0.00
'3422 Tenant Revenue - excess utilities	0.00	0.00	0.00	0.00	0.00	0.00
Total Tenant Revenue	64,579.32	259,094.64	235,375.00	64,273.00	238,540.00	228,635.00
Other Revenue						
3410 Revenue - HUD	0.00	0.00	0.00	0.00	0.00	0.00
3410 Revenue - HUD	242,837.00	966,323.00	0.00	294,637.19	1,195,459.50	0.00
'3430 Interest Income	54,872.83	58,514.37	6,190.00	1,267.19	5,944.97	8,400.00
'3430 Interest Income	3,589.95	16,302.40	0.00	4,025.12	18,691.78	0.00
'3435 Restricted Interest Income	0.00	0.00	0.00	0.00	0.00	0.00
'3435 Restricted Interest Income	0.00	0.00	0.00	0.00	0.00	0.00
Gain/loss on sale of equipment	0.00	-1,012.45	0.00	-240,600.20	-240,600.20	0.00
Gain/loss on sale of equipment	0.00	0.00	0.00	0.00	0.00	0.00
'3440 Other Charges for Services	4,535.95	13,840.84	8,400.00	2,492.62	8,677.22	8,200.00
'3440 Other Charges for Services	1.00	1.00	0.00	0.00	0.00	0.00
3450 Fraud Recovery	0.00	0.00	0.00	0.00	0.00	0.00
3450 Fraud Recovery	226.87	7,560.13	0.00	8,404.00	18,711.07	0.00
3480 Other Revenue	0.00	0.00	0.00	0.00	180.00	0.00
3480 Other Revenue	41,060.87	82,802.30	0.00	9,389.85	78,835.71	0.00
Port In Hap & Admin	441.07	14,599.26	0.00	5,571.32	11,207.78	0.00
3690 CFP Operations	0.00	140,449.45	70,000.00	0.00	146,775.47	146,775.00
3691 Operating Subsidy	50,526.00	196,070.00	120,000.00	61,721.00	190,971.00	114,850.00
3691 Operating Subsidy	0.00	0.00	0.00	0.00	0.00	0.00
3691 Cash Receipts from Section 8	29,475.00	122,773.00	140,150.00	33,726.00	130,762.00	116,320.00
3691 Developer Fees	-233,000.00	0.00	0.00	337,500.00	337,500.00	0.00
3692 Insurance Proceeds/VNA Charges to Tenants	76,435.38	293,620.45	289,640.00	81,277.65	292,173.24	291,120.00
3692 Insurance Proceeds/VNA Charges to Tenants	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Revenue	271,001.92	1,911,843.75	634,380.00	599,411.74	2,195,289.54	685,665.00
TOTAL REVENUES	335,581.24	2,170,938.39	869,755.00	663,684.74	2,433,829.54	914,300.00

EXPENSES

Administrative Expenses							
4110	Administration Salaries	30,668.81	108,563.50	109,918.00	23,974.83	89,009.83	92,289.00
4110	Administration Salaries	31,322.84	115,730.27	0.00	35,504.59	137,233.58	0.00
4120	Advertising and Marketing	1,246.11	4,083.71	5,000.00	2,169.00	2,552.30	5,000.00
4120	Advertising and Marketing	0.00	251.64	0.00	0.00	0.00	0.00
4130	Legal Expense	0.00	595.00	1,000.00	103.18	157.50	1,700.00
4130	Legal Expense	0.00	0.00	0.00	0.00	0.00	0.00
4140	Staff Training	210.00	2,052.50	2,100.00	0.00	1,103.00	980.00
4140	Staff Training	129.00	2,689.00	0.00	0.00	549.00	0.00
4150	Travel	1,083.64	3,583.91	2,700.00	983.83	1,297.27	2,100.00
4150	Travel	365.60	578.40	0.00	217.97	2,397.39	0.00
4160	Office Expense	2,386.05	10,144.72	10,200.00	2,215.61	8,317.69	8,200.00
4160	Office Expense	21,096.58	168,724.36	0.00	17,592.09	37,786.88	0.00
4170	Accounting Fees	1,681.00	7,128.00	8,000.00	2,134.00	7,665.00	6,875.00
4170	Accounting Fees	1,389.00	7,368.00	0.00	1,260.00	6,245.00	0.00
4171	Audit Fees	0.00	2,899.00	4,400.00	0.00	3,484.00	4,000.00
4171	Audit Fees	0.00	3,110.00	0.00	0.00	1,700.00	0.00
4182	Empl. Benefit Contrib. -Admin	14,885.54	56,451.59	54,403.00	12,770.43	48,350.41	39,550.00
4182	Empl. Benefit Contrib. -Admin	15,773.04	62,243.01	0.00	18,287.35	74,770.53	0.00
	Empl. Benefit Contrib. -Maint	0.00	0.00	0.00	0.00	0.00	0.00
	Empl. Benefit Contrib. -Maint	0.00	0.00	0.00	0.00	0.00	0.00
4190	Other Admin and Sundry	138.31	1,100.50	900.00	132.16	1,509.85	1,600.00
4190	Other Admin and Sundry	0.00	0.00	0.00	566.00	646.00	0.00
4191	Telephone	733.14	2,799.31	3,000.00	572.65	3,129.80	3,880.00
4191	Telephone	0.00	204.45	0.00	370.08	1,678.95	0.00
	Recreation - Social Act.	0.00	0.00	0.00	0.00	0.00	0.00
4195	Outside Mgt Fees	0.00	0.00	0.00	0.00	0.00	0.00
4195	Outside Mgt Fees	3,918.00	0.00	0.00	2,971.19	13,726.50	0.00
Total Administrative Expenses		127,026.66	560,300.87	201,621.00	121,824.96	443,310.48	166,174.00
Tenant Services Expenses							
4210	Tenant Services Salaries	0.00	0.00	0.00	0.00	0.00	0.00
4210	Tenant Services Salaries	0.00	0.00	0.00	0.00	0.00	0.00
4220	Rec. Pub., and Other	1,225.89	3,764.43	4,800.00	2,090.17	4,173.47	4,400.00
4220	Rec. Pub., and Other	0.00	0.00	0.00	0.00	0.00	0.00
	Recreation - Social Act.	0.00	0.00	0.00	0.00	0.00	0.00
	Recreation - Social Act.	0.00	0.00	0.00	0.00	0.00	0.00
4221	Tenant Store Expenses	0.00	0.00	0.00	0.00	0.00	0.00
4221	Tenant Store Expenses	0.00	0.00	0.00	0.00	0.00	0.00
4230	Contract Costs/VNA Expenses	105,990.00	327,890.81	351,200.00	108,762.42	317,861.42	344,600.00
4230	Contract Costs/VNA Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Total Tenant Services Expenses		107,215.89	331,655.24	356,000.00	110,852.59	322,034.89	349,000.00

Utility Expenses							
4310	Water	3,463.26	9,821.23	9,800.00	3,523.34	9,052.60	7,900.00
4310	Water	0.00	0.00	0.00	0.00	0.00	0.00
4320	Electricity	10,137.39	27,352.26	30,800.00	8,765.02	28,016.65	30,141.00
4320	Electricity	289.72	578.83	0.00	0.00	0.00	0.00
4330	Gas	6,097.70	17,604.43	15,900.00	5,437.02	15,250.17	12,918.00
4330	Gas	0.00	0.00	0.00	0.00	0.00	0.00
4360	Sewer	4,934.05	13,878.11	14,200.00	4,939.23	12,773.51	14,400.00
4340	Sewer	0.00	0.00	0.00	0.00	0.00	0.00
Total Utility Expenses		24,922.12	69,234.86	70,700.00	22,664.61	65,092.93	65,359.00
Maintenance Expenses							
4410	Maint. Labor	16,031.95	56,444.61	56,932.00	13,749.55	49,239.59	51,879.00
4410	Maint. Labor	971.52	4,806.68	0.00	2,587.59	5,457.48	0.00
4420	Maint. Materials	5,943.45	19,529.44	17,700.00	6,282.99	17,884.92	15,000.00
4420	Maint. Materials	0.00	0.00	0.00	0.00	0.00	0.00
4430	Maintenance Contracts	11,304.75	34,078.83	44,250.00	7,714.23	37,281.10	42,015.00
4430	Maintenance Contracts	0.00	0.00	0.00	-4,800.00	0.00	0.00
4431	Garbage & Trash Removal	423.70	1,731.31	1,980.00	544.40	1,825.31	2,640.00
4431	Garbage & Trash Removal	0.00	0.00	0.00	0.00	0.00	0.00
4433	Empl. Benefit Contr. Maint.	6,491.53	24,804.35	26,883.00	5,713.68	21,735.00	21,411.00
4433	Empl. Benefit Contr. Maint.	162.15	804.88	0.00	423.96	897.24	0.00
	Misc. Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	Misc. Operating Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Total Maintenance Expenses		41,329.05	142,200.10	147,745.00	32,216.40	134,320.64	132,945.00
Protective Services Expenses							
4480	Contract Costs	-708.99	2,874.14	4,400.00	1,097.80	3,612.69	4,000.00
4480	Contract Costs	0.00	0.00	0.00	0.00	0.00	0.00
Total Protective Services		-708.99	2,874.14	4,400.00	1,097.80	3,612.69	4,000.00
Other General Expenses							
4510	Insurance Expense	8,648.10	10,357.06	16,650.00	7,176.48	7,176.48	15,860.00
4510	Insurance Expense	1,037.52	2,791.56	0.00	1,344.50	1,344.50	0.00
4520	Payment in Lieu of Taxes	3,994.69	19,043.86	18,000.00	4,160.83	17,344.70	17,960.00
4520	Payment in Lieu of Taxes	0.00	0.00	0.00	0.00	0.00	0.00
4570	Collection Losses	3,233.03	2,123.23	4,000.00	102.36	-4,233.79	4,900.00
4570	Collection Losses	0.00	0.00	0.00	-744.00	-744.00	0.00
4590	Other General Expense	57,584.94	100,614.75	0.00	60,562.00	60,562.00	0.00
4590	Other General Expense	308.44	1,128.18	0.00	335.27	1,594.76	0.00
	Gain/Loss on Investments	24.24	24.24	0.00	18.08	18.08	0.00
	Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00
4595	Compensated Absences	-21.57	-21.57	0.00	3,253.74	3,253.74	2,280.00
4595	Compensated Absences	-195.06	-78.20	0.00	14,233.50	14,233.50	0.00
Total Other General Expenses		74,614.33	135,983.11	38,650.00	90,442.76	100,549.97	41,000.00

Extraordinary/Casualty Loss Expenses							
4610	Labor	0.00	2,055.00	6,200.00	0.00	508.73	6,500.00
4610	Labor	0.00	0.00	0.00	0.00	0.00	0.00
4620	Labor	0.00	0.00	0.00	0.00	11,491.04	12,000.00
4620	Labor	0.00	0.00	0.00	0.00	0.00	0.00
Total Extraordinary/Casualty Loss		0.00	2,055.00	6,200.00	0.00	11,999.77	18,500.00
Housing Assistance Payments							
4715	Hap Expenses	247,702.00	908,517.00	0.00	264,882.00	1,107,343.00	0.00
Total Hap expenses		247,702.00	908,517.00	0.00	264,882.00	1,107,343.00	0.00
Depreciation Expense							
4800	Depre Expense - PHA Funded	80,735.88	367,250.88	371,500.00	103,624.55	382,028.39	370,808.00
4800	Depre Expense - PHA Funded	118.67	478.67	0.00	119.75	478.67	0.00
Total Depreciation Expense		80,854.55	367,729.55	371,500.00	103,744.30	382,507.06	370,808.00
TOTAL OPERATING EXPENSES		702,955.61	2,520,549.87	1,196,816.00	747,725.42	2,570,771.43	1,147,786.00
Change in Net Position		-367,374.37	-349,611.48	-327,061.00	-84,040.68	-136,941.89	-233,486.00
Prior Year Adjustments							
6010	Prior Year Adjustments	0.00	0.00	0.00	400,000.00	400,000.00	0.00
6010	Prior Year Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Total Prior Year Adjustments		0.00	0.00	0.00	400,000.00	400,000.00	0.00
Equity Transfers							
9116	Equity Transfers	0.00	0.00	0.00	0.00	0.00	0.00
9116	Equity Transfers	0.00	0.00	0.00	0.00	0.00	1.00
Total Equity Transfers		0.00	0.00	0.00	0.00	0.00	1.00
NET INCOME/LOSS		-367,374.37	-349,611.48	-327,061.00	-484,040.68	-536,941.89	-233,487.00

Wausau Community Development Authority

Balance Sheet

December 31, 2014

		Low Rent (46 Scattered Sites) (Fund 01)	Voucher (Sec 8) (Fund 02)	Riverview Terrace (Fund 12)	Business Activity ** (Fund 15)	Business Activity II (Fund 17)	Redevelopment (Fund 16)	<u>Entity Wide Total</u>
ASSETS								
Cash								
'1111	Cash - Unrestricted	1,694.44	1,323.14	1,533.65	1,290.20	0.00	1,528.57	7,370.00
'1117	Petty Cash	75.00	25.00	0.00	0.00	0.00	0.00	100.00
'1118	Change Fund	20.00	0.00	0.00	0.00	0.00	0.00	20.00
'1162	General Fund Investments	724,753.58	120,190.73	857,289.70	2,173,780.70	440,821.98	386,322.41	4,703,159.10
	Total Cash	726,543.02	121,538.87	858,823.35	2,175,070.90	440,821.98	387,850.98	4,710,649.10
Accounts Receivable								
1121	Accounts Receivable- Fraud	0.00	9,100.00	0.00	0.00	0.00	0.00	9,100.00
'1122	Accounts Receivable - Tenants	1,363.34	0.00	389.00	0.00	0.00	0.00	1,752.34
1125	Accounts Receivable - HUD	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1129	Accounts Receivable - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1128	Accounts Receivable - Other	0.00	0.00	5,136.39	0.00	0.00	0.00	5,136.39
'1145	Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total Accounts Receivable	1,363.34	9,100.00	5,525.39	0.00	0.00	0.00	15,988.73
Other Current Assets								
1210	Prepaid Expenses	1,100.00	1,100.00	1,808.99	3,879.04	0.00	0.00	7,888.03
'1211	Prepaid Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
'1295	Interfund due to/from	0.00	0.00	0.00	0.00	2,573.04	0.00	2,573.04
	Total Other Current Assets	1,100.00	1,100.00	1,808.99	3,879.04	2,573.04	0.00	10,461.07
Noncurrent Assets								
1350	CDA Mortgage Sale	0.00	0.00	0.00	0.00	0.00	23,002.47	23,002.47
'1400	Land/Structures/Equip Less Accum. Deprn	4,370,579.67	1,525.27	1,920,055.29	60,000.00	0.00	0.00	6,352,160.23
1500	Note Receivables - Tax Credits/Thunderlube	3,303,750.00			733,903.00	0.00	25,000.00	4,062,653.00
1600	Investment in Tax Credits	174,956.69						174,956.69
	Total Noncurrent Assets	7,849,286.36	1,525.27	1,920,055.29	793,903.00	0.00	48,002.47	10,612,772.39
	TOTAL ASSETS	8,578,292.72	133,264.14	2,786,213.02	2,972,852.94	443,395.02	435,853.45	15,349,871.29

RIVERVIEW TOWERS LLC
INCOME STATEMENT SUMMARY THROUGH DECEMBER 31, 2014

	2014 QUARTERLY	2014 YTD	2014 BUDGET	2013 YTD
TTL TENANT REV	\$116,969.00	\$462,403.61	\$412,000.00	\$397,526.74
TTL OTHER REV	\$65,764.15	\$134,830.92	\$144,652.00	\$94,589.18
TOTAL REVENUE	\$182,733.15	\$597,234.53	\$556,652.00	\$492,115.92
TTL ADMIN EXP	\$59,094.50	\$218,592.63	\$183,395.00	\$166,002.26
TTL TENANT SRVC EXP	\$3,568.13	\$10,999.46	\$11,200.00	\$11,252.76
TTL UTILITY EXP	\$41,080.85	\$111,499.14	\$123,600.00	\$106,744.30
TTL MAINTENANCE EXP	\$47,132.37	\$165,656.85	\$160,717.00	\$147,541.27
TTL PROTECTIVE SRVC EXP	\$479.27	\$2,440.08	\$8,300.00	\$4,413.09
TTL OTHER EXP	\$20,763.99	\$69,170.35	\$39,300.00	\$41,637.41
TTL EXTRA/CASUALTY EXP	\$1,434.00	\$9,166.47	\$5,000.00	\$14,674.48
TOTAL OPERATING EXPENSES	\$173,553.11	\$587,524.98	\$531,512.00	\$492,265.57
INCOME/(LOSS) BEFORE DEPRECIATION	\$9,180.04	\$9,709.55	\$25,140.00	(\$149.65)
DEPRECIATION EXP	\$199,581.21	\$329,294.70	\$172,951.32	\$180,809.48
NET INCOME/(LOSS)	(\$190,401.17)	(\$319,585.15)	(\$147,811.32)	(\$180,959.13)

RIVERVIEW TOWERS LLC

FINANCIAL STATEMENTS

For the Accounting Period Ending December 31, 2014



ACCOUNTANTS' COMPILATION REPORT

To the Members
Riverview Towers LLC

We have compiled the accompanying balance sheet of Riverview Towers LLC ("Project") as of December 31, 2014, and the related statement of operations for the one month and year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Project is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Project's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying annual budget of the Project for the year ending December 31, 2014, has not been compiled or examined by us and, accordingly, we do not express an opinion or any other form of assurance on it. Management has elected to omit summaries of significant assumptions and accounting policies required under established guidelines for presentation of prospective financial statements. If the omitted summaries were included in the budgeted information, they might influence the user's conclusions about the Project's budgeted information. Accordingly, this budgeted information is not designed for those who are not informed about such matters.

We are not independent with respect to the Project.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
January 12, 2015

Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2014

	Current Period	Cumulative
ASSETS		
CURRENT ASSETS		
Cash		
26-0-000-000-1010.100 Cash - Construction (US Bank)	0.00	0.00
26-0-000-000-1111.040 Cash - Unrestricted	(4,121.46)	58,789.94
26-0-000-000-1111.050 Cash - Reserve Account	(2,065.92)	68.03
26-0-000-000-1162.000 Cash - Savings/Money Mkts/CDs	3,884.78	720,814.87
Total	(2,302.60)	779,672.84
Accounts Receivable		
26-0-000-000-1122.000 Accounts Receivable - Tenants	(318.00)	300.00
26-0-000-000-1128.000 Accounts Receivable - Other	0.00	0.00
26-0-000-000-1129.000 Accounts Receivable - Subsidy	48,755.09	46,736.37
Total	48,437.09	47,036.37
Accrued Receivables		
26-0-000-000-1145.000 Accrued Interest Receivable	7.67	77.10
Total	7.67	77.10
Other Current Assets		
26-0-000-000-1210.000 Prepaid Expenses	(532.65)	4,163.53
26-0-000-000-1211.000 Prepaid Insurance	(871.21)	7,405.27
26-0-000-000-1295.001 Interprogram Due (to) from PH	0.00	0.00
Total	(1,403.86)	11,568.80
TOTAL CURRENT ASSETS	44,738.30	838,355.11

*(See Accountants' Compilation Report)

Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2014

	Current Period	Cumulative
NONCURRENT ASSETS		
Fixed Assets		
26-0-000-000-1400.000 CWIP	(421,966.12)	0.00
26-0-000-000-1400.060 Land	0.00	0.00
26-0-000-000-1400.061 Land Improvements	0.00	17,560.00
26-0-000-000-1400.080 Dwelling Equipment	0.00	13,364.21
26-0-000-000-1400.090 Nondwelling Equipment	0.00	245,455.54
26-0-000-000-1400.100 Building Improvements	273,560.90	10,043,201.07
26-0-000-000-1400.150 Accumulated Depreciation	(170,343.38)	(500,201.54)
Total	(318,748.60)	9,819,379.28
Other Assets		
26-0-000-000-1460.000 Tax Credit Fees	0.00	47,114.00
26-0-000-000-1460.010 Tax Credit Fee Amort	(261.74)	(7,066.98)
26-0-000-000-1470.000 Financing Fees	0.00	54,313.00
26-0-000-000-1470.010 Financing Fees Amort	(150.87)	(4,073.49)
Total	(412.61)	90,286.53
TOTAL NONCURRENT ASSETS	(319,161.21)	9,909,665.81
TOTAL ASSETS	(274,422.91)	10,748,020.92

*(See Accountants' Compilation Report)

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Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2014

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	Current Period	Cumulative
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable		
26-0-000-000-2111.000 A/P - Vendors & Contractors	16,621.95	16,621.95
26-0-000-000-2111.010 A/P - Other	0.00	0.00
26-0-000-000-2114.000 Tenants Security Deposits	885.50	44,765.00
26-0-000-000-2119.010 A/P - Payroll	1,439.61	19,063.58
26-0-000-000-2119.020 A/P - Gorman Compliance Fee	28.59	428.84
26-0-000-000-2119.030 A/P - Gorman Developer Fee	(45,000.00)	0.00
Total	(26,024.35)	80,879.37
Accrued Liabilities		
26-0-000-000-2134.000 Accrued Comp Absences - Due within one year	948.71	7,080.76
26-0-000-000-2136.000 Other Accrued Liabilities	0.00	0.00
26-0-000-000-2137.000 Payment in Lieu of Taxes	(27,471.94)	35,090.45
26-0-000-000-2149.000 Accrued Asset Mgt Fee	(7,299.22)	0.00
Total	(33,822.45)	42,171.21
Other Current Liabilities		
26-0-000-000-2145.001 Interprogram Due to (from) PH	0.00	0.00
26-0-000-000-2145.012 Interprogram Due to (from) Riverview Terrace	0.00	0.00
26-0-000-000-2145.017 Interprogram Due to (from) BA II	(277,828.48)	2,573.04
26-0-000-000-2240.000 Tenants Prepaid Rent	0.00	0.00
Total	(277,828.48)	2,573.04
TOTAL CURRENT LIABILITIES	(337,675.28)	125,623.62
NONCURRENT LIABILITIES		
26-0-000-000-2134.010 Accrued Comp Absences	(2,751.23)	0.00
26-0-000-000-2310.000 Notes Payable - Construction Loan	(2,521,003.75)	0.00
26-0-000-000-2320.000 Notes Payable - Wausau CDA PH	0.00	2,500,000.00
26-0-000-000-2320.010 Interest Payable - Wausau CDA PH	50,000.00	50,000.00
26-0-000-000-2330.000 Notes Payable - Wausau CDA PH (AHP loan)	0.00	750,000.00
26-0-000-000-2330.010 Interest Payable - Wausau CDA PH (AHP loan)	3,750.00	3,750.00
Total	(2,470,004.98)	3,303,750.00
TOTAL LIABILITIES	(2,807,680.26)	3,429,373.62

*(See Accountants' Compilation Report)

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Riverview Towers LLC
Balance Sheet-Riverview Towers LLC
December 31, 2014

	Current Period	Cumulative
MEMBERS' EQUITY		
26-0-000-000-2700.000 CY Net Change	173,848.91	0.00
26-0-000-000-1450.000 Syndication Costs	0.00	(52,000.00)
26-0-000-000-2810.512 Unrestricted Net Assets	0.00	0.00
26-0-000-000-2834.000 Managing Member Equity	(37.33)	174,943.60
26-0-000-000-2835.000 NEF Investor Equity	2,359,445.77	7,195,703.70
TOTAL MEMBERS' EQUITY	2,533,257.35	7,318,647.30
TOTAL LIABILITIES AND MEMBERS' EQUITY	(274,422.91)	10,748,020.92
Proof	0.00	0.00

*(See Accountants' Compilation Report)

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2014

	***** PERIOD TO DATE*****			***YTD ACTUAL***		***YTD BUDGET***	
	PUM	Actual	Budget	PUM	Actual	Budget	Variance
PUM	1.00	149.00	149.00	1.00	1,788.00	1,788.00	0.00
OPERATING REVENUE							
Rental Revenue							
26-1-000-000-3420.000 Tenant Revenue - Rent	265.64	39,581.00	34,333.37	258.56	462,303.61	412,000.00	50,303.61
26-1-000-000-3422.000 Excess Utilities	0.67	100.00	0.00	0.06	100.00	0.00	100.00
Total	266.32	39,681.00	34,333.37	258.61	462,403.61	412,000.00	50,403.61
Nonrental Revenue							
26-1-000-000-3440.000 Other Inc - Tenants Charges	2.03	302.50	183.37	2.13	3,801.60	2,200.00	1,601.60
26-1-000-000-3440.020 Other Inc - Tenant Store	6.13	913.35	550.00	3.78	6,751.95	6,600.00	151.95
26-1-000-000-3440.030 Other Income	7.38	1,100.00	0.00	4.64	8,294.98	0.00	8,294.98
26-1-000-000-3444.040 Laundry	14.85	2,213.20	470.87	4.59	8,203.13	5,650.00	2,553.13
26-1-000-000-3444.050 Vending	0.00	0.00	116.63	0.95	1,692.69	1,400.00	292.69
26-1-000-000-3691.000 Operating Subsidy	313.67	46,736.37	10,650.13	56.27	100,614.75	127,802.00	(27,187.25)
26-1-000-000-3692.000 Other Inc - Insurance Proceeds	0.00	0.00	0.00	1.83	3,264.05	0.00	3,264.05
Total	344.06	51,265.42	11,971.00	74.17	132,623.15	143,652.00	(11,028.85)
TOTAL OPERATING REVENUE	610.38	90,946.42	46,304.37	332.79	595,026.76	555,652.00	39,374.76
OPERATING EXPENSES							
Administration							
26-1-000-000-4110.000 Administration Salaries	39.28	5,852.47	6,128.87	40.25	71,968.25	73,546.00	(1,577.75)
26-1-000-000-4110.010 Admin Salaries - Comp Abs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4120.000 Advertising & Marketing	3.72	554.00	333.37	1.88	3,366.00	4,000.00	(634.00)
26-1-000-000-4130.000 Legal Expense	0.00	0.00	91.63	0.00	0.00	1,100.00	(1,100.00)
26-1-000-000-4140.000 Staff Training	5.03	750.00	208.37	1.11	1,980.00	2,500.00	(520.00)
26-1-000-000-4150.000 Travel	12.56	1,871.71	166.63	1.40	2,494.27	2,000.00	494.27
26-1-000-000-4150.010 Mileage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4160.000 Office Expenses	5.85	871.02	1,140.00	7.77	13,899.21	13,680.00	219.21
26-1-000-000-4170.000 Accounting Fees	2.40	357.00	416.63	11.71	20,935.00	5,000.00	15,935.00
26-1-000-000-4171.000 Audit Fees	56.87	8,473.00	500.00	7.64	13,662.00	6,000.00	7,662.00
26-1-000-000-4182.000 Employee Benefits - Admin	24.75	3,687.11	2,894.00	24.68	44,134.90	34,728.00	9,406.90
26-1-000-000-4190.000 Other Admin and Sundry	0.00	0.00	100.00	1.26	2,254.03	1,200.00	1,054.03
26-1-000-000-4191.000 Telephone	0.05	(7.14)	193.37	1.08	1,936.71	2,320.00	(383.29)
26-1-000-000-4192.000 Management Fee	17.27	2,573.04	2,124.25	16.17	28,919.29	25,491.00	3,428.29
26-1-000-000-4193.000 Compliance Fee	2.88	428.84	360.87	2.70	4,819.87	4,330.00	489.87
26-1-000-000-4194.000 Asset Management Fee	4.41	657.53	625.00	4.60	8,223.10	7,500.00	723.10
Total	174.96	26,068.58	15,282.99	122.26	218,592.63	183,395.00	35,197.63
Tenant Services							
26-1-000-000-4210.000 Tenant Services Salaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4220.000 Rec, Pub and Other	7.83	1,166.23	366.63	2.40	4,292.66	4,400.00	(107.34)
26-1-000-000-4221.000 Tenant Store Expenses	3.39	504.83	566.63	3.75	6,706.80	6,800.00	(93.20)
Total	11.22	1,671.06	933.26	6.15	10,999.46	11,200.00	(200.54)

*See Accountants' Compilation Report

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2014

	***** PERIOD TO DATE*****			***YTD ACTUAL***		***YTD BUDGET***	
	PUM	Actual	Budget	PUM	Actual	Budget	Variance
OPERATING EXPENSES							
Utilities							
26-1-000-000-4310.000 Water	7.47	1,113.02	575.00	2.54	4,545.33	6,900.00	(2,354.67)
26-1-000-000-4320.000 Electricity	48.62	7,243.75	4,983.37	26.84	47,994.44	59,800.00	(11,805.56)
26-1-000-000-4330.000 Gas	90.49	13,482.81	3,891.63	29.06	51,951.80	46,700.00	5,251.80
26-1-000-000-4360.000 Sewer	11.94	1,778.44	850.00	3.92	7,007.57	10,200.00	(3,192.43)
Total	158.51	23,618.02	10,300.00	62.36	111,499.14	123,600.00	(12,100.86)
Maintenance and Operations							
26-1-000-000-4410.000 Maint Labor	39.17	5,837.04	6,309.87	42.59	76,159.84	75,718.00	441.84
26-1-000-000-4410.010 Maint Labor - Comp Abs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4420.000 Maint Materials	5.39	803.77	908.37	6.96	12,453.32	10,900.00	1,553.32
26-1-000-000-4430.010 Heating & Cooling	9.11	1,357.14	166.63	1.57	2,813.14	2,000.00	813.14
26-1-000-000-4430.020 Snow Removal	0.00	0.00	166.63	0.56	1,001.50	2,000.00	(998.50)
26-1-000-000-4430.030 Elevator Maintenance	2.33	346.58	600.00	3.06	5,479.06	7,200.00	(1,720.94)
26-1-000-000-4430.040 Landscape & Grounds	1.01	150.00	208.37	1.58	2,830.16	2,500.00	330.16
26-1-000-000-4430.050 Unit Turnaround	0.00	0.00	333.37	0.00	0.00	4,000.00	(4,000.00)
26-1-000-000-4430.060 Electrical	3.20	476.37	125.00	2.17	3,884.52	1,500.00	2,384.52
26-1-000-000-4430.070 Plumbing	0.00	0.00	83.37	0.10	175.00	1,000.00	(825.00)
26-1-000-000-4430.080 Extermination	0.40	60.25	83.37	5.13	9,173.00	1,000.00	8,173.00
26-1-000-000-4430.090 Janitorial	0.00	0.00	500.00	0.00	0.00	6,000.00	(6,000.00)
26-1-000-000-4430.100 Other Contract Costs	7.54	1,123.04	375.00	4.15	7,420.50	4,500.00	2,920.50
26-1-000-000-4430.101 Routine	0.00	0.00	125.00	0.46	830.57	1,500.00	(669.43)
26-1-000-000-4431.000 Garbage & Trash Removal	3.12	464.75	508.37	3.60	6,428.71	6,100.00	328.71
26-1-000-000-4433.000 Employee Benefits - Maint	19.61	2,922.46	2,899.88	20.70	37,007.53	34,799.00	2,208.53
Total	90.88	13,541.40	13,393.23	92.65	165,656.85	160,717.00	4,939.85
Protective Services							
26-1-000-000-4480.000 Contract Costs	0.58	86.07	691.63	1.36	2,440.08	8,300.00	(5,859.92)
Total	0.58	86.07	691.63	1.36	2,440.08	8,300.00	(5,859.92)
General Expense							
26-1-000-000-4510.000 Insurance Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4510.010 Insurance - Property	0.00	0.00	341.63	4.89	8,750.69	4,100.00	4,650.69
26-1-000-000-4510.020 Insurance - Liability	5.85	871.21	83.37	6.96	12,449.42	1,000.00	11,449.42
26-1-000-000-4510.030 Insurance - Workers Comp	0.00	0.00	100.00	1.36	2,430.04	1,200.00	1,230.04
26-1-000-000-4510.040 Insurance - Other	0.00	0.00	41.63	0.27	486.00	500.00	(14.00)
26-1-000-000-4520.000 Payment in Lieu of Taxes	10.78	1,606.30	2,625.00	19.63	35,090.45	31,500.00	3,590.45
26-1-000-000-4570.000 Collection Losses	2.91	434.00	83.37	0.03	61.27	1,000.00	(938.73)
26-1-000-000-4590.000 Other General Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4590.010 Other Gen Exp - Compliance Fee	0.00	0.00	0.00	6.55	11,705.00	0.00	11,705.00
26-1-000-000-4595.000 Compensated Absences	12.10	(1,802.52)	0.00	1.01	(1,802.52)	0.00	(1,802.52)
Total	7.44	1,108.99	3,275.00	38.69	69,170.35	39,300.00	29,870.35

*See Accountants' Compilation Report

Riverview Towers LLC
Stmnt of Operations-Riverview Towers LLC
Twelve Month Period - December 31, 2014

	***** PERIOD TO DATE*****			***YTD ACTUAL***		***YTD BUDGET***	
	PUM	Actual	Budget	PUM	Actual	Budget	Variance
Extraordinary Maintenance							
26-1-000-000-4610.010 Labor	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4610.030 Contract Costs	0.00	0.00	416.63	2.82	5,039.47	5,000.00	39.47
Total	0.00	0.00	416.63	2.82	5,039.47	5,000.00	39.47
Casualty Losses							
26-1-000-000-4620.030 Contract Costs	0.00	0.00	0.00	2.31	4,127.00	0.00	4,127.00
Total	0.00	0.00	0.00	2.31	4,127.00	0.00	4,127.00
Depreciation Expenses							
26-1-000-000-4800.000 Depreciation Expense	1,143.24	170,343.38	14,000.00	181.40	324,343.38	168,000.00	156,343.38
26-1-000-000-4801.000 Amortize - Tax Credit Fees	1.76	261.74	261.74	1.76	3,140.88	3,140.88	0.00
26-1-000-000-4802.000 Amortize - Finance Fees	1.01	150.87	150.87	1.01	1,810.44	1,810.44	0.00
Total	1,146.01	170,755.99	14,412.61	184.17	329,294.70	172,951.32	156,343.38
TOTAL OPERATING EXPENSES	1,589.60	236,850.11	58,705.35	512.76	916,819.68	704,463.32	212,356.36
OPERATING INCOME (LOSS)	979.22	(145,903.69)	(12,400.98)	179.97	(321,792.92)	(148,811.32)	(172,981.60)
Nonoperating Revenue (Expense)							
26-1-000-000-3430.000 Investment Income	1.12	167.45	83.37	1.23	2,207.77	1,000.00	1,207.77
26-1-000-000-3480.000 Gain (Loss) on Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26-1-000-000-4540.000 Interest Expense - CDA Loan	335.57	(50,000.00)	0.00	27.96	(50,000.00)	0.00	(50,000.00)
26-1-000-000-4540.010 Interest Expense - AHP CDA Loan	25.17	(3,750.00)	0.00	2.10	(3,750.00)	0.00	(3,750.00)
26-1-000-000-9000.000 Operating Transfer In	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	359.61	(53,582.55)	83.37	28.83	(51,542.23)	1,000.00	(52,542.23)
CHANGE IN NET ASSETS	1,338.83	(199,486.24)	(12,317.61)	208.80	(373,335.15)	(147,811.32)	(225,523.83)
Prior Period Adjustments							
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET CHANGE	1,338.83	(199,486.24)	(12,317.61)	208.80	(373,335.15)	(147,811.32)	(225,523.83)

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

We have audited the financial statements of Riverview Towers, LLC as of and for the year ended December 31, 2014, and have issued our report thereon dated February 17, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 30, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the Company as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives of property and equipment is based on analysis of the expected useful lives of the assets. We evaluated the key factors and assumptions and the consistency of the key factors and assumptions used to development the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The amortization period for tax credit fees is based on the related period over which tax credits will be calculated and claimed by the members. The amortization period for loan financing fees is based on the period over which the construction financing will be repaid. We evaluated the key factors and assumptions used to develop the estimated amortization period and determined that it is reasonable in relation to the financial statements taken as a whole.

The accrual for compensated absences is based on employees' years of service and pay rates as of the end of the calendar year. We evaluated the key factors and assumptions used to develop the estimate and the consistency of applying those factors and assumptions and determined that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The most significant audit adjustments related to correcting the investor member equity contributions, the construction work in progress and amounts placed in service, and the accruals for developer fees payable, and adjusting depreciation expense to the end of the year. Copies of the audit adjustments are available from management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 17, 2015. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the information and use of the Members and management of Riverview Towers, LLC, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Schmidt SC". The signature is written in a cursive style.

Certified Public Accountants

Green Bay, Wisconsin
February 17, 2015

APPENDIX



February 17, 2015

Schenck SC
P. O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of Riverview Towers, LLC, which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 17, 2015, the following representations made to you during your audit.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 30, 2014, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- Significant assumptions we used in making accounting estimates, including the depreciable lives of fixed assets and those measured at fair value, are reasonable. In this regard –
 - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
 - The assumptions used appropriately reflect management's intent and ability to carry out specific courses of action.
 - The disclosures related to accounting estimates are complete and appropriate.
 - No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- Receivables recorded in the financial statements represent valid claims against debtors for charges arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All event subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Company's accounts.
- We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigations, claims or assessments.
- Material concentrations have been properly disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the Company is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit.

- Unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. In this regard –
 - We have no knowledge of any fraud or suspected fraud that affects the Company and involves:
 - Management,
 - Employees who have significant roles in internal control or
 - Others where the fraud could have a material effect on the financial statements.
 - We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
- The Company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you and disclosed in the notes to the financial statements.
- We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Wausau Community Development Authority



Russell Wilson, Board Chairman



Ann Werth, Executive Director
Managing Member Representative

RIVERVIEW TOWERS, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

RIVERVIEW TOWERS, LLC
December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Members
Riverview Towers, LLC
Wausau, Wisconsin

We have audited the accompanying financial statements of Riverview Towers, LLC, which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Riverview Towers, LLC as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Certified Public Accountants

Green Bay, Wisconsin
February 17, 2015

FINANCIAL STATEMENTS

RIVERVIEW TOWERS, LLC
Balance Sheets
December 31, 2014 and 2013

Assets	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents		
Operations	\$ 58,858	\$ 200,795
Security deposits	46,423	45,285
Reserves		
Replacement reserve	44,772	-
Operating reserve	427,883	-
ACC reserve	201,737	-
Accounts receivable		
Tenants	300	925
Other	46,813	74,381
Prepaid expenses	<u>11,569</u>	<u>7,793</u>
Total current assets	<u>838,355</u>	<u>329,179</u>
Construction work in progress	<u>-</u>	<u>106,690</u>
Property and equipment, net	<u>9,819,379</u>	<u>9,863,849</u>
Intangible assets, net	<u>90,287</u>	<u>95,238</u>
Total assets	<u>\$ 10,748,021</u>	<u>\$ 10,394,956</u>
Liabilities and Members' Equity		
Current liabilities		
Short-term construction note payable	\$ -	\$ 3,706,232
Construction accounts payable	-	1,245,443
Developer fee payable	-	337,500
Accounts payable	17,051	23,014
Due to related parties		
Management fee payable	2,573	2,277
Developer fee payable	-	337,500
Asset management fee payable	-	9,431
Accrued payroll	19,064	-
Accrued compensated absences	7,081	6,132
Payment in lieu of taxes	35,090	29,078
Tenant security deposits payable	44,765	43,088
Prepaid rent	<u>-</u>	<u>59</u>
Total current liabilities	<u>125,624</u>	<u>5,739,754</u>
Long-term liabilities		
Long-term debt	3,250,000	3,250,000
Accrued interest payable	53,750	-
Accrued compensated absences	<u>-</u>	<u>2,751</u>
Total long-term liabilities	<u>3,303,750</u>	<u>3,252,751</u>
Total liabilities	<u>3,429,374</u>	<u>8,992,505</u>
Members' equity	<u>7,318,647</u>	<u>1,402,451</u>
Total liabilities and members' equity	<u>\$ 10,748,021</u>	<u>\$ 10,394,956</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Operations
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Rental income	\$ 462,403	\$ 397,527
Operating subsidy	100,615	60,562
Other	32,008	33,107
Interest	<u>2,208</u>	<u>1,070</u>
Total revenues	<u>597,234</u>	<u>492,266</u>
Expenses		
Administrative	218,592	166,002
Tenant services	11,000	11,253
Utilities	111,499	106,744
Maintenance and operations	165,658	147,541
Protective services	2,440	4,413
Insurance	24,116	11,520
Payment in lieu of taxes	35,090	29,078
Collection losses	61	192
General	19,070	15,522
Interest	53,750	-
Depreciation and amortization	<u>329,295</u>	<u>180,809</u>
Total expenses	<u>970,571</u>	<u>673,074</u>
Net loss	<u>\$ (373,337)</u>	<u>\$ (180,808)</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Members' Equity
For the Years Ended December 31, 2014 and 2013

	<u>Riverview Towers MM, LLC</u>	<u>National Equity Fund, Inc.</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2013, as previously reported	\$ 174,999	\$ 2,712,135	\$ -	\$ 2,887,134
Adjustment to member contributions	<u>-</u>	<u>(1,303,875)</u>	<u>-</u>	<u>(1,303,875)</u>
Balance at January 1, 2013, as restated	174,999	1,408,260	-	1,583,259
Net loss	-	-	(180,808)	(180,808)
Net loss allocated to members	<u>(18)</u>	<u>(180,790)</u>	<u>180,808</u>	<u>-</u>
Balance at December 31, 2013	174,981	1,227,470	-	1,402,451
Contributions	-	6,289,533	-	6,289,533
Net loss	-	-	(373,337)	(373,337)
Net loss allocated to members	<u>(37)</u>	<u>(373,300)</u>	<u>373,337</u>	<u>-</u>
Balance at December 31, 2014	<u>\$ 174,944</u>	<u>\$ 7,143,703</u>	<u>\$ -</u>	<u>\$ 7,318,647</u>

See Notes to Financial Statements.

RIVERVIEW TOWERS, LLC
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating Activities		
Receipts		
Rental income	\$ 464,585	\$ 401,978
Operating subsidy	114,441	-
Other	45,758	19,362
Interest	<u>2,200</u>	<u>1,001</u>
Total receipts	<u>626,984</u>	<u>422,341</u>
Disbursements		
Administrative	(156,933)	(104,120)
Employee salaries and wages	(129,064)	(142,065)
Tenant services	(11,000)	(11,253)
Utilities	(108,575)	(104,631)
Maintenance and operations	(88,449)	(72,953)
Protective services	(2,440)	(4,413)
Insurance	(37,654)	(6,289)
Payment in lieu of taxes	(29,078)	(7,697)
General	<u>(20,872)</u>	<u>(14,675)</u>
Total disbursements	<u>(584,065)</u>	<u>(468,096)</u>
Net cash provided by (used in) operating activities	<u>42,919</u>	<u>(45,755)</u>
Investing Activities		
Deposits to replacement reserve	(44,772)	-
Deposits to operating reserve	(435,083)	-
Withdrawals from operating reserve	7,200	-
Deposits to ACC reserve	(201,737)	-
Purchases of property and equipment	<u>(2,092,627)</u>	<u>(6,269,135)</u>
Net cash used in investing activities	<u>(2,767,019)</u>	<u>(6,269,135)</u>
Financing Activities		
Proceeds from issuance of short-term construction note	1,315,584	3,706,232
Principal payments on short-term construction note	(5,021,816)	-
Contributions received from member	<u>6,289,533</u>	<u>-</u>
Net cash provided by financing activities	<u>2,583,301</u>	<u>3,706,232</u>
Decrease in cash	(140,799)	(2,608,658)
Cash and cash equivalents - beginning of year	<u>246,080</u>	<u>2,854,738</u>
Cash and cash equivalents - end of year	<u>\$ 105,281</u>	<u>\$ 246,080</u>
Reconciliation of cash and cash equivalents		
Operations	\$ 58,858	\$ 200,795
Security deposits	<u>46,423</u>	<u>45,285</u>
	<u>\$ 105,281</u>	<u>\$ 246,080</u>

See Notes to Financial Statements.

	<u>2014</u>	<u>2013</u>
Reconciliation of net loss to net cash flows provided by (used in) operating activities		
Net loss	\$ (373,337)	\$ (180,808)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	329,295	180,809
Collection losses written off	61	192
Changes in operating assets and liabilities:		
Accounts receivable - tenants	564	(447)
Accounts receivable - other	27,568	(74,376)
Prepaid expenses	(3,776)	(4,476)
Accounts payable - trade	(5,963)	14,420
Accounts payable - related party	(10,135)	7,727
Accrued payroll	19,064	(15,922)
Accrued compensated absences	(1,802)	847
Interest payable	53,750	-
Payment in lieu of taxes	6,012	21,381
Tenant security deposits payable	1,677	4,839
Prepaid rents	(59)	59
	<u>\$ 42,919</u>	<u>\$ (45,755)</u>
Net cash provided by (used in) operating activities		
Supplementary schedule of cash flow activities		
Interest paid, \$54,925 and \$29,186 capitalized, respectively	<u>\$ 65,663</u>	<u>\$ 18,448</u>
Supplementary schedule of noncash investing and financing activities		
Property and equipment accrued in construction accounts payable at the end of the year	<u>\$ -</u>	<u>\$ 1,233,715</u>
Construction period interest accrued in construction accounts payable at the end of the year	<u>\$ -</u>	<u>\$ 10,728</u>
Developer fees payable included in the costs of property and equipment	<u>\$ -</u>	<u>\$ 67,500</u>

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of business

Riverview Towers, LLC (the Company) was organized in 2011 under the laws of the State of Wisconsin to modernize and operate a ten-story, 149-unit public housing rental project, known as Riverview Towers, for elderly and disabled residents of low- and very low-income, located at 500 Grand Avenue, Wausau, Wisconsin. The Company is managed by the Community Development Authority (CDA) of the City of Wausau, Wisconsin, which is the sole owner of the Company's managing member, Riverview Towers MM, LLC (RVTMM). The units underwent substantial rehabilitation during 2013 and were placed in service by the end of that year. Rehabilitation continued into 2014 to complete corridors and other finishing work. The project is subject to a Consolidated Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD). Of the 149 public housing units, 148 units are also subject to the rules and requirements of the Low-Income Housing Tax Credit program under Internal Revenue Code Section 42.

The Company is 99.99% owned by National Equity Fund, Inc. (NEF) and .01% owned by RVTMM. Operating profits and losses and the tax credits are allocated based upon ownership. Both members have limited liability with respect to the expenses, liabilities and obligations of the Company, except that RVTMM, as managing member, has guaranteed certain payments to NEF, the investor member, if the Company fails to qualify for a specified amount of tax credits during the term of the tax credit guaranty agreement.

B. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

C. Basis of accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

D. Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

E. Accounts receivable

Accounts receivable due from tenants are stated at the amount management expects to collect from outstanding balances based on an evaluation of uncollected accounts. Bad debts are provided for using the allowance method. As of December 31, 2014 and 2013, management considered the entire receivable balance to be collectible and deemed an allowance as not necessary.

Other accounts receivable consists of an operating subsidy due from HUD of \$46,736 and \$60,562, extraordinary maintenance reimbursement of \$0 and \$13,750, and accrued interest of \$77 and \$69 as of December 31, 2014 and 2013, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fair value of financial instruments

All cash, cash equivalents, accounts receivable, prepaid expenses, notes payable, accounts payable and accrued liabilities approximate fair value at December 31, 2014 and 2013, respectively.

G. Impairment of long-lived assets

When events or conditions warrant, the Company evaluates the recoverability of long-lived assets and considers whether these assets are impaired. The Company assesses the recoverability of these assets based on several factors, including management's intention with respect to these assets and their projected undiscounted cash flows. If projected undiscounted cash flows are less than the carrying amount of the respective assets, the Company adjusts the carrying amounts of such assets to their estimated fair value. Based on management's evaluation, there was no impairment loss recognized for the years ended December 31, 2014 and 2013, respectively.

H. Property and equipment

During construction work in progress, all acquisitions and improvements of property and equipment are capitalized. Additionally, the Company follows the CDA's policy whereby personal property items having a useful life of more than one year and a value of at least \$200 are capitalized while all expenditures for personal property valued under the threshold and for repairs and maintenance that do not materially prolong the useful lives of assets are expensed. Property and equipment is valued at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

I. Accrued payroll and compensated absences

The Company has been allocated its portion of employee salaries and wages, and related earned compensated absences by CDA, which follows the City of Wausau's policies on vacation and sick leave. Vacation benefits accrue at various rates based on employees' years of continuous service. Unused benefits may accumulate up to a maximum number of hours ranging from 120 to 280 annually. Benefits vest after six months of service and are paid out at the time of voluntary separation if the employee is in good standing and has given ten working days written notice.

Regular full-time employees earn sick leave at a rate of 3.6923 hours per bi-weekly pay period up to a maximum of 133 days (1,064 hours). Regular part-time employees earn sick leave at a rate of 1.85 hours per bi-weekly pay period up to a maximum of 66 days (528 hours). Employees earn sick leave immediately upon starting employment and must have six days of paid time in a pay period in order to earn sick leave during that pay period. When an employee retires, up to one hundred percent of the sick leave remaining in the employee's accumulated sick leave account may be converted to its monetary value and used to pay premiums towards the hospital and surgical program then in effect for the employee. The percentage of sick leave remaining in the employee's accumulated sick leave that is convertible is based on a formula which takes into consideration an employee's age and length of service.

J. Tenant security deposits payable

The Company requires tenants to pay a security deposit equal to one month's rent. Security deposits due to tenants are reflected as a liability in the accompanying balance sheets.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Advertising

The Company expenses advertising and marketing costs as they are incurred. Total advertising costs were \$3,366 and \$6,471 for the years ended December 31, 2014 and 2013, respectively.

L. Income taxes

The Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code and comparable state regulations. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the proportionate share of the Company's taxable income flows through to its members.

Penalties and interest assessed by income taxing authorities are included in operating expenses, if applicable. The Company had no interest and penalties related to income taxes for the years ended December 31, 2014 and 2013. As of December 31, 2014, the Company's federal returns are subject to examination generally for three years after they are filed and its state returns are subject to examination generally for four years after they are filed.

M. Subsequent events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 17, 2015, the date on which the financial statements were available to be issued.

NOTE 2 - OPERATING AGREEMENT

The Company is subject to an operating agreement between its members. A non-deferred developer fee totaling \$900,000 was paid in installments to the developers, Gorman & Company, Inc. and CDA, as specified within the operating agreement, with \$112,500 and \$337,500 paid in 2013 and 2014, respectively, to each developer. Upon reaching stabilized occupancy which was attained in early 2014, the Company was required to establish and maintain an operating reserve, an Annual Contributions Contract (ACC) reserve, and a project replacement reserve. All reserves were established and properly funded during the year as follows:

	<u>Replacement Reserve</u>	<u>Operating Reserve</u>	<u>ACC Reserve</u>
Balance - beginning of year	\$ -	\$ -	\$ 175,989
Deposits	44,700	433,941	24,900
Interest earned	72	1,142	848
Withdrawals	-	(7,200)	-
Balance - end of year	<u>\$ 44,772</u>	<u>\$ 427,883</u>	<u>\$ 201,737</u>

Additionally, the Company is required to pay an annual fee to NEF for asset management services to be rendered to the Company. The fee is subject to an annual increase of 3%. Asset management fees expensed were \$8,223 and \$7,556 for 2014 and 2013, respectively. Amounts of \$0 and \$9,431 are accrued on the accompanying balance sheets as asset management fee payable as of December 31, 2014 and 2013, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains its bank accounts at several banks in the Wausau area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per insured depository institution. Additionally, amounts held at Integrity First Bank in excess of FDIC coverage are insured by the State of Wisconsin insurance fund up to \$400,000. The Company's cash deposits may exceed these federally insured limits at times during the year. The Company has not experienced any losses on these accounts. Management believes the Company is not exposed to any significant credit risk on cash.

NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Land improvements	\$ 17,560	\$ 17,560
Buildings and improvements	10,043,201	9,766,505
Furniture, fixtures and equipment	<u>258,820</u>	<u>255,642</u>
	10,319,581	10,039,707
Less accumulated depreciation	<u>500,202</u>	<u>175,858</u>
Property and equipment, net	<u>\$ 9,819,379</u>	<u>\$ 9,863,849</u>

Depreciation expense for 2014 and 2013 totaled \$324,344 and \$175,858, respectively.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist of tax credit fees paid to Wisconsin Housing and Economic Development Authority in the amount of \$47,114, and loan financing fees paid to BMO Harris Bank, N.A. in the amount of \$54,313. The tax credit fees are being amortized over 15 years and the loan financing fees are being amortized over 30 years. Total amortization expense for the years ended December 31, 2014 and 2013 was \$4,951 and \$4,951, respectively.

NOTE 6 - SHORT-TERM CONSTRUCTION NOTE PAYABLE

The Company's short-term construction note payable to BMO Harris Bank N.A. totaled \$0 and \$3,706,232 at December 31, 2014 and 2013, respectively. The maximum financing available was \$5,200,000, with interest at the prime rate plus .65%. The note was paid off on May 30, 2014.

NOTE 7 - CAPITALIZED INTEREST

The Company capitalizes interest on the financing of major fixed asset additions in accordance with generally accepted accounting principles. Total interest costs were \$108,675 and \$29,186 during 2014 and 2013, respectively. Of these amounts, interest costs of \$54,925 and \$29,186 were capitalized during the years ended December 31, 2014 and 2013, respectively.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company has entered into an agreement with CDA as management agent for the Company. The term of the agreement is for two years and expired on August 31, 2014. The agreement was subsequently extended for two additional years to August 31, 2016. Fees for management agent services are calculated at the rate of 6% of total monthly gross receipts. Total fees incurred were \$28,919 and \$24,763, with \$2,573 and \$2,277 accrued at December 31, 2014 and 2013, respectively, as management fee payable in the accompanying balance sheets.

A ground lease agreement exists between the Company and CDA whereby the Company is leasing the apartment building and all parking spaces from CDA for the purpose of rehabilitating, equipping and developing the 149-unit facility. The agreement terminates on the latest to occur of (a) expiration of the minimum period during which the public housing units are required by law to be operated as public housing; or (b) the expiration of 75 years from the date the project becomes available for occupancy. The fixed rent is \$1, which was paid upon execution of the lease and closing of the first mortgage financing for construction of the project. All other monies paid, such as for maintenance of the building and grounds, utility services to common areas of the building and property, reasonable building security services and other operating expenses, are considered to be additional rent. No additional rent was paid during the years ended December 31, 2014 and 2013.

NOTE 9 - LONG-TERM DEBT

The Company's long-term debt consisted of the following at December 31:

	2014	2013
2.0%, construction second mortgage payable to CDA, with payments commencing one year from date project placed in service assuming available project cash flows, amortizing over 40 years from the in-service date, collateralized by an open-end leasehold mortgage and a security agreement, maturing in 2054.	\$ 2,500,000	\$ 2,500,000
0.5%, affordable housing program loan payable to CDA, with payments of principal and interest sufficient to amortize the loan over 40 years assuming available project cash flows, collateralized by an open-end junior leasehold mortgage and a security agreement maturing in September, 2052.	750,000	750,000
	\$ 3,250,000	\$ 3,250,000

The above notes are supported by mortgage, security and regulatory agreements.

RIVERVIEW TOWERS, LLC
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 10 - RETIREMENT PLAN

Employees are covered under the State of Wisconsin Retirement System as part of the City of Wausau, Wisconsin. The employer's portion of the current annual contribution was paid by the Company and totaled \$11,877 and \$9,842 for the years ended December 31, 2014 and 2013.

NOTE 11 - CONTINGENCY

An Affordable Housing Program Retention/Repayment Agreement dated September 26, 2012 was entered into among BMO Harris Bank N.A., CDA and the Company. BMO Harris Bank N.A. disbursed the proceeds of an Affordable Housing Program (AHP) grant in the amount of \$750,000 from Federal Home Loan Bank of Chicago (FHLB) to CDA for use in connection the construction and rehabilitation of the project. The Company must comply with the AHP provisions of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 for a term of 15 years from the date of project completion (the retention period), at which time the recapture agreement terminates. Such provisions include managing and operating the property as rental housing for very low income households and providing compliance information as required by FHLB during the term of the agreement. In an event of default under the agreement, the Company and CDA will repay that portion of the grant that may be recaptured by BMO Harris Bank N.A. and FHLB.

NOTE 12 - PRIOR PERIOD ADJUSTMENT

During 2013, an error was discovered relating to the amount previously reported as investor member contribution and the balance in construction cash as of the end of 2012. Both, construction cash and NEF's ending capital balance, were overstated by \$1,303,875. A correction has been made to reduce these balances by that amount as of January 1, 2013, with no effect on previously reported net income.

SUPPLEMENTARY INFORMATION

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses
For the Years Ended December 31, 2014 and 2013

	2014	2013
Administrative		
Administrative salaries	\$ 71,968	\$ 52,912
Administrative employee benefits	44,135	27,699
Advertising and marketing	3,366	6,471
Staff training	1,980	854
Travel and mileage	2,494	1,146
Office	13,899	11,464
Accounting and auditing	34,597	11,223
Other administrative and sundry	2,254	15,114
Telephone	1,937	2,673
Management fee	28,919	24,763
Compliance fees	4,820	4,127
Asset management fee	8,223	7,556
	\$ 218,592	\$ 166,002
Tenant services		
Recreation and other	\$ 4,293	\$ 4,452
Tenant store	6,707	6,801
	\$ 11,000	\$ 11,253
Utilities		
Water	\$ 4,545	\$ 5,458
Electricity	47,994	48,674
Gas	51,952	43,582
Sewer	7,008	9,030
	\$ 111,499	\$ 106,744
Maintenance and operations		
Maintenance labor	\$ 76,160	\$ 73,231
Maintenance employee benefits	37,008	35,388
Maintenance materials	12,453	10,524
Heating and cooling	2,813	856
Snow removal	1,002	1,600
Elevator maintenance	5,479	6,927
Landscape and grounds	2,830	5,478
Electrical	3,885	610
Plumbing	175	240
Extermination	9,173	2,103
Other contract costs	8,251	4,696
Garbage and trash removal	6,429	5,888
	\$ 165,658	\$ 147,541
Protective services		
Contract costs	\$ 2,440	\$ 4,413

RIVERVIEW TOWERS, LLC
Schedules of Operating Expenses, Continued
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Insurance		
Property	\$ 8,751	\$ 6,679
Liability	12,449	2,421
Workers compensation	2,430	2,420
Other	486	-
	<u>\$ 24,116</u>	<u>\$ 11,520</u>
General		
Compensated absences	\$ (1,802)	\$ 847
Extraordinary maintenance	9,167	14,675
Other	11,705	-
	<u>\$ 19,070</u>	<u>\$ 15,522</u>
Depreciation and amortization		
Depreciation	\$ 324,344	\$ 175,858
Amortization of tax credit fees	3,141	3,141
Amortization of loan financing fees	1,810	1,810
	<u>\$ 329,295</u>	<u>\$ 180,809</u>